We try our best to do better...
ARDITI LTD.
TEL AVIV
JERUSALEM
HAIFA

THURSDAY, FEBRUARY 12, 1953

THE JERUSALEM POST

12 Pages

PRICE: 120 PRUTA
VOL. XXIX, No. 7489

DAILY FLIGHTS
to Elath ARKIA

Marginal Column

By HUGH LATIMER

IN Kenya, for the moment, the African does not hold the political initiative. The initiative has returned to the hands of the European settler. Crowded political meetings, which have been held all over Kenya in the past three weeks have been concerned with Mau Mau crimes, police dilatoriness, untrustworthy Kikuyus still wandering in the vicinity of farms from which they have been sacked, and the need to refer every new measure against the Kikuyu to London for approval. London has for years been the scapegoat among the settlers for every piece of local bureaucratic ineptitude, and now, in an atmosphere of frustration and excitment, everything connected with the United Kingdom Government is condemned.

■

IT goes further than that. The Kenya settler is intensely loyal to the Queen — to the best British farming traditions, British liquor, sport, entertainment, mechanical manufactures and the public schools. But other institutions equally closely connected with the British way of life, produce in the settler a reaction so strong that the phrases which express them can never be used in Kenya in a favourable sense. They are such phrases as "British idea of justice," "democracy," "the welfare state" and "the British working-man." When a thousand settlers, demonstrating after the murder of the Ruck family, father, mother and child, by Mau Mau at the end of last month, broke through the police cordon at Government House here, the incident was symbolical in much the same way as the Boston Tea-Party.

■

FOR the moment the settlers' demands are taking other forms. The settlers have obtained the death penalty for anyone found guilty of administering an oath which, like the Mau Mau oath, constrains another person to commit murder. They have called for the resignations of Mr. John Whyatt, the Attorney-General and Member for Law and Order, of Commissioner O'Rorke of the police, and of Mr. Humphrey Slade, elected member for the constituency in which the Ruck murder occurred, who had the audacity to call the crowd at Government House an undisciplined rabble. Mr. Whyatt has been relieved of his responsibilities for law and order. A measure of conscription has been introduced, and an Emergency Council established.

■

THERE is a complication in Kenya which did not exist in earlier British colonies. No Red Indian signed the American Declaration of Independence in 1776. No South African native signed the Act of Union in 1911. But it is virtually certain that Indian and African signatures will be required for a declaration of East African independence, if ever and whenever it comes. But the sudden appearance of independence as a possible political issue, has had one remarkable effect. One after another, every Asian and African member of the Kenya Legislative Council has affirmed his support, at this juncture, for the continuance of British Colonial Office rule.

Nairobi, February 11.

Israel Resettles Displaced Arabs Near Ramle

The ninth group of displaced Arabs living in Israel moved into permanent new quarters in a village near Ramle yesterday afternoon.

Foreign Minister Sharett, who addressed the 50 odd families of the El Jarushi tribe and displaced weavers of Majdal in fluent Arabic, said the move was a "living example of the Government's policy of solicitude for the Arab people" who were uprooted from their former dwellings by the war.

"We are carrying out this policy undeterred by the turbulence on the borders or by the obstinate refusal of the neighbouring states to make peace," he said, adding that the Government was resolved to arrive gradually at a positive solution of the problem of displaced Arabs living in Israel today both for their benefit and for that of the country as a whole. Mr. Sharett concluded by saying that he saw the village "as the healing of one of the wounds of the war and as the beginning of a new life based on internal harmony, loyal citizenship and productive work." Mr. Peretz Naphtali, Minister of Agriculture, said that the village was one step forward in the constructive resettlement of Arab displaced persons living in Israel.

Sheikh Yousef El Jarushi, head of the tribe, in thanking the authorities for their aid, said that such an act at this time, when thousands of immigrants were living under canvas, showed that complete equalization existed between Jews and Arabs. As a sign of gratitude to their Jewish neighbours at Gedera, Sheikh Yousef handed Mr. S. Sverdlov, a veteran Gedera settler, a certificate inscribing him in the Jewish National Fund's Golden Book.

Each family was allocated a one-room brick house located on a site containing two dunams of olive trees. In addition, each family will receive eight dunams of irrigated land nearby.

The ceremony was attended by Mr. Y. Efrati, Deputy Minister of Agriculture, Mr. Y. Kupperman, Tel Aviv District Representative, Mr. R. Aloni, of the Ministry, and Sheikh Suleiman el Husei'i of the Negev.

No Room for Both Peoples, Says Shabib

"This country has no room for both peoples. There should be either Jews or Arabs," Colonel Ghassan Shabib, senior Syrian Mixed Armistice Commission delegate, said in the Old City yesterday, according to the Arab News Agency. He was speaking at a luncheon given by the senior Jordan M.A.C. delegate, Azmi Nashashibi, which was attended by U.N. staff officers.

Col. Shabib said he had been sent by Col. Shishakly to report on recent events along the Israel-Jordan armistice lines and announced that Syria was ready to go to Jordan's aid at a moment's notice. The conflict, he said, was between Israel and the Arab world, not between Israel and Jordan alone. He promised the Palestine Arabs that the Arab aim to return them to their original country would soon be achieved.

Nablus Deputies and dignitaries petitioned the Jordan Government yesterday for the Arab Legion to "take an active part in repelling attacks along the Jordan-Israel armistice line which are carried out by Israeli army units."

At present National Guard units are responsible for law and order along the armistice line, stated an A.P. message from Jerusalem's Old City.

We have pleasure in announcing
the opening of our Tel Aviv Office

R. & S. BEN-ZUR (Insurance) Ltd.

P.O.B. 450
10 Rehov Ben Hillel
Jerusalem
Tel. 4111, 3820

Rooms No. 29/30
2 Rehov Har Sinai
Tel Aviv

Advice ★ Planning ★ U[illegible]
Complete Insurance Service

20 Hurt as Communists March in Tel Aviv

TEL AVIV, Wednesday. — Twenty persons were injured, one seriously, in the course of a Communist demonstration sponsored by the Israel-U.S.S.R. Friendship League in the circle outside the Mograbi Cinema here this afternoon. The demonstration ended outside the Soviet Legation and a delegation headed by Mr. S. Mikunis, M.K., and Dr. Moshe Sneh, M.K., was received by Mr. Pavel I. Yershov, the Soviet Minister, in the presence of reporters — an unprecedented occurrence.

Mr. Yershov in reply to speeches by Mr. Mikunis, Dr. Sneh and Mr. Ya'acov Hazan, M.K., stated, "I understand your feelings about the terrorist act directed at the Legation, particularly as Soviet Russia wishes peace and fights for peace more than any other country in the world."

The demonstration started with a group of about 200 persons crowded around a truck. Fights broke out as soon as Dr. Sneh began saying that Soviet Russia was the only place in the world from which anti-Semitism had been rooted out.

Shouts of "spy," and a chant of "Oren" and "traitor" originated from an organized group standing nearer to Allenby Road. A body of sympathizers, directed by Mr. P. Tubin, Tel Aviv councillor, cheered vigorously. Both sides outshouted the speaker and then sporadic disorganized fights broke out in several spots.

The major fight took place outside the Allenby Cinema during the procession which by then had swelled to about 500 persons. The pavement, now under repairs, provided a source of stones and sand for the fight. Here the fracas took a serious turn and in ten minutes, before the police had a chance to interfere, the 20 persons were injured. Many were hit in the head by stones. One of the injured was a woman.

They were taken to the Magen David Adom station from which Shimon Mizrachi, 30, of Rehov Shabazi was transferred to the Municipal Hospital with a serious eye injury.

The rocks were directed mainly at the truck occupied by the leaders of the demonstration who included Mr. Mordecai Bentov.

The truck was abandoned at the corner of Nahlat Binyamin when an organized column of residents of the nearby Yemenite quarter joined in.

The marchers proceeded to the Legation in Sderot Rothschild. There the delegation entered the Legation through a police cordon. They were followed by a small group of representatives of leftist youth groups with several newsmen at their heels. At the main entrance of the Legation, Mr. Mikhail Popov, Second Secretary, shook hands with everybody who entered.

No one interfered with the reporters who jotted down the brief speeches while the whole group stood in front of Mr. Yershov in the hallway of the Legation under a portrait of Marshal Stalin.

Mr. Mikunis said he regretted the anti-Russian and anti-Communist hysteria in Israel which constituted a danger to the peace in the Middle East, while Mr. Hazan said that Israel strived towards peace with Soviet Russia which has saved so many Jews during the war regime. Dr. Sneh said that the democratic front in Israel would destroy the Fascists of this country. Each of them spoke in Hebrew and their speeches were translated into Russian.

Meanwhile, the crowd outside pushed against the police cordon shouting "Stalin" and singing old revolutionary songs. When the delegation emerged from the building the crowds slowly dispersed.

Throughout the demonstration and disorders, police in numerous cars stood by, but refrained from interfering. They showed restraint in the face of many provocations to use force.

Arrests Total 27; 7 Later Released

TEL AVIV, Wednesday. — The number of detainees in the investigation of the bombing of the Soviet Legation on Tuesday night swelled to 27 in the course of last night and today, but seven were released by this evening.

Among those detained are six Arabs who have collaborated at one time or another with the anti-Communist League against which the investigation seems to be mainly directed. Police remained reticent today and only hints were dropped.

No footprints or remnants of the bomb were discovered at the scene mainly, investigators claim, because they were given to examine the grounds only the next day.

Most of the 20 detainees are to be brought before a local Magistrate tomorrow on a charge of either conspiring to throw a bomb or throwing it, according to an authoritative statement tonight.

It is known that a great deal of literature had been discovered both at the premises of the League's club and in the searches of the homes of the suspects.

Reporter Held

Among those still in detention tonight is Baruch Nadel, a "Yediot Ahronot" reporter who is known to have been associated with the League's activities in the past months. He is a former Stern Group member who was arrested as suspect after the shooting of Count Bernadotte in 1948. In his report to his paper yesterday he had implied that he had been the first on the scene of the bombing and had been in the vicinity sometime before, as he had a date there. The report was not the reason for his arrest, police stated.

Others detained are Mr. Henry Lennover, a Kol Israel English language announcer in Jerusalem and Mr. M. Walfish, Managing Editor of the strongly anti-Communist Rumanian daily, "Yuniversal".

Among the Arabs detained is Dr. Dajani who lives near Tel Benyamin, and had been active in anti-Communist propaganda among the Arabs. A Nazareth resident, Chalen Revivia, 22, was also detained.

Those released this afternoon were Theodore Herzel, Ya'acov Albert, Meir Ingert, Israel Ginzburg, Jacob Ben Amittai, Pesach Burstein, and Zvi Chaim Kriss.

All of these had been present during the official opening of the anti-Communist League's Club last Saturday night when Mr. Amittai was the opening speaker. He was an active IZL member before the War of Liberation and had been detained at Latrun during the June-1948 arrests. He told The POST tonight that he was not a member of the League and that he opposed terror.

Both Mr. Burstein and Mr. Kriss are construction engineers, while Mr. Albert, a contractor, is a one time "Sternist." Mr. Ingert is the landlord of the house in which the Club is situated at 3 Rehov Arnon.

According to an authoritative source the League has a following of about 100.

Moscow Accuses Israel Police

LONDON, Wednesday. — Moscow Radio today accused Israel police of "clear connivance" in the bomb explosion which wrecked part of the Soviet Legation in Tel Aviv on Monday.

The broadcast, monitored here, said: The terrorist act directed against the Soviet Legation in Israel was committed on February 9 by ill-intentioned persons with the clear connivance of the police."

The Radio added that "it should be noted that this vile crime was preceded by an unbelievable campaign of slander against the Soviet Union with the participation of official personages in Israel who had openly incited to hostile activities against the USSR and the USSR diplomatic legation in Israel."

Israel Returns Goods Seized from Samir

A total of 102 tons of UNRWA goods, taken off the Egyptian vessel Samir following her capture last month in Israel's territorial waters, were handed over to Egyptian officials at km. 95 near the Gaza strip at 11 a.m. yesterday morning, an Army spokesman announced.

The goods were loaded on ten trucks which left Haifa early yesterday morning. The transfer, to be paid for by UNRWA, was made under the supervision of the Israel-Egyptian M.A.C. The fate of the Samir is to be decided by the Israel-Egyptian M.A.C.

PRAYERS FOR RAIN

AMMAN, Wednesday (AP). — Moslem and Christian religious leaders have called the 15,000 inhabitants of Karak, south of Amman, to three days of prayer and fasting for rain.

To Be Tried for Murder of Girl

TIBERIAS, Wednesday. — Haim Simchon, accused of the murder of Miriam Artzi, 20, of Degania, on December 30, was committed for trial to the District Court today. Counsel for the 27 year-old sergeant-major, Mr. Y. Doron, of Haifa, asked that the charge be changed from murder to manslaughter, but his plea was rejected by the Examining Magistrate.

The prosecutor, Assistant District Attorney I. Schaloel, said that he based his evidence on the testimony of Dr. Gut who stated that the girl had died between 11 p.m. and midnight, during which time she was known to have been with Simchon. He was convinced by the witnesses that the murder was premeditated and in cold blood.

Among the seven witnesses at the preliminary investigation was Sarah El Sharizon, who after the alleged murder had found Simcha Eger-sail carriage in the army camp room, that Simchon sometimes used. Police believe that the parts are those of the accused, who cut his nails after committing the murder by strangulation.

A close friend of the victim, Yonah Kradagorsky of Degania, testified that Miriam met the accused in the Army. The romance which developed had withered in the month before her death. In a conversation with the witness, several weeks before the event, Simchon said that killing a man was one of the ways in which one could give vent to one's emotions.

A Tiberias cafe owner, Mr. E. Abadi, testified that at midnight on December 30 he had gone with two policemen to look for Miriam. She had left his cafe with Simchon and had not returned.

Mr. S. Kadman, of Haifa, testified that he had gone with the victim from Degania to Tiberias on December 30 and was sitting with her in the cafe, when Simchon called her out.

Britain Declares She Will Stick by Yalta Accord

LONDON, Wednesday (Reuter). — Britain will not back any attempt to repudiate international agreements governing the status of the Far Eastern islands of Southern Sakhalin and the Kuriles, Foreign Under-Secretary Lord Reading told the House of Lords today.

He referred to the 1945 Yalta Agreement between Britain, the U.S. and Soviet Russia which gave possession of the islands to the USSR after the end of the war and the Japanese peace treaty of 1951, by which Japan gave up all claim to the islands.

A recent passage in President Eisenhower's State of the Union message which repudiated secret agreements leading to the "enslavement of peoples" has been widely interpreted as meaning that the U.S. no longer feels bound by the clauses of the Yalta Agreement giving the islands to Russia.

Kept Secret

This section of the agreement was kept secret for several months after it was concluded.

Mr. Nutting brushed off a Labour suggestion today that Britain quit Korea if the war is extended to the Chinese mainland, but repeated, Britain wants a Korean armistice "as soon as possible on fair and honourable terms," and failing that to "avoid any extension of the conflict".

Eight Jews Among 24 Rumanian 'Oil Spies'

VIENNA, Wednesday (UP). — Jewish community leaders here disclosed today that Joseph Slomnicki, chief defendant *in absentia* in the trial of 24 Rumanian officials, which opened yesterday in Ploesti, is a Polish-born Jew. Seven other defendants have been identified as Jews. The 24, leading employees of four British and American oil companies formerly operating in Rumania, are charged with espionage and sabotage.

Informants said that Slomnicki, born in Lodz, became a British subject. He worked in Iran and Rumania and became one of Europe's leading petroleum geologists. He escaped from Rumania just two weeks before the German entry during the war.

Meanwhile the resignation of Martin Rathspreched, from leadership of the Communist faction in the Viennese Jewish community, has been publicly disclosed. He has been succeeded by Franz Austerlitz. Earlier, 15 Jewish officials of the Austrian Communist Party cancelled their membership of the community organization, and further resignations from both the community and the Communist Party are expected.

Easing of Blocked Accounts Planned

The amendment and easing of regulations on blocked accounts of foreign nationals is being planned by the Government, Dr. A. Konikov, Controller of Foreign Currency in the Finance Ministry, said at a meeting this week with bank representatives, it was learned in Jerusalem yesterday.

Under the proposed changes the accounts would be divided into three categories:

"Blocked Accounts A" would include those which were formed by transferring foreign currency to Israel at the official rate without premiums. These accounts would be transferable to another foreign national, without Finance Ministry permission, through one of the local banks authorized to deal in foreign currency. The owners would be able to invest the money in local approved enterprises and also have the right to transfer the profits abroad. They would also receive up to IL.30 a day in letters of credit while visiting Israel.

"Blocked Accounts B" are to include those which were formed by capital transfers, mainly non-payment imports, whose owners receive a premium in addition to the official rate. These accounts would be transferable to another foreign national only with Ministry permission. If invested locally, the profits would not be freely transferable abroad. The owners would receive up to IL.30 a day while staying in Israel, but only in Israel currency.

The third category will be "Registered Accounts," including those which involve payments by the Treasury in foreign currency. They would include those of shipping, aviation and film companies.

The bank representatives were asked by Mr. Konikov to make suggestions on the proposed plan. It is expected that the new system will only begin to function after a Cabinet decision on the entire problem of partial decontrol of foreign currency.

8-PAGE SUPPLEMENT
on
New Economic Policy
with this issue
Table of contents — Page 5.

U.S. May Offer Shipping Ban In Place of Blockade

WASHINGTON, Wednesday (Reuter). — High officials believed that the strategy-making National Security Council meeting at the White House today might discuss a proposal for a ban on all shipments to China as an alternative to a naval blockade.

Secretary of State John Foster Dulles and Mr. Harold Stassen, Mutual Security Administrator, were attending the meeting.

America has embargoed all shipments to the Communist countries but other nations, including Britain, bar only strategic goods.

A Republican official said today that a survey indicated that the U.S. would probably have to carry out any blockade unaided.

WIIMA UNCERTAIN

SINGAPORE, Wednesday (UP). — Captain I. Merimaa of the Finnish tanker Wiima said today that he had temporarily halted his voyage to China with 7,000 tons of jet plane fuel on orders from the ship's owners.

He has dropped anchor outside this British port.

India Concerned Over Formosa Events

NEW DELHI, Wednesday (AP) — President Rajendra Prasad today voiced India's "grave concern" at the U.S. decision to release the Seventh Fleet from Formosa.

Without specific reference to President Eisenhower, Mr. Prasad told the opening session of the new Parliament, "Certain statements recently made and the consequences that might flow from them in extending the war in Korea have caused considerable apprehension in the minds of people all over the world.

"My Government has viewed these developments with grave concern and I trust that any tendency towards extension of the war, which has already brought disaster in its train, will be checked. My Government will pursue a policy of friendship with all countries without any alignment with one group of nations against another.

FEARS WAR SPREAD

KARACHI, Wednesday (UP). — Pakistan Prime Minister Khwaja Nazimuddin said today "there was every likelihood that a U.N. blockade of the China mainland "might lead to an extension of the Korean war."

The Premier said in a press interview that the blockade would affect many friends of the U.S. who want to trade with China. "In our case we want to sell cotton. The blockade would create quite a serious problem."

Tnuva Council Asks Farm Planning

TEL AVIV, Wednesday.—A measure of planning of agricultural production, particularly vegetable-growing, to assure regular supplies of essential items and obviate surpluses of others was advocated by the Council of the Tnuva Marketing Cooperative at the close of a meeting here today.

They said that controlled prices should be calculated on the basis of covering all production costs and allowing for an addition to encourage expansion. Minimum prices for the principal varieties of vegetables were needed in view of the experiences of last year, it was stated. They also advocated the continuation of subsidies on vegetables produced by new settlements and recommended the extension of the principle to dairy production.

High priority for animal feed in the Government import programme was also advocated.

Mr. Nahum Verlinsky, Managing Director, said that potato, banana and grape yields would increase and perhaps 1953 would be the last year when these items would have to be controlled. Mr. Shlomo Wazshal, spokesman for the cattle breeders, asked for an increase in the official price of milk. Most speakers including Mr. Verlinsky said that the milk prices were too low.

Sufficient Milk

Milk yield will be adequate to meet all demands in the next three months and it may be possible to reduce the milk powder content further from 15 to 10 per cent, Mr. Verlinsky said.

He said supplies of milk products would also be adequate. There would be enough bananas to permit monthly rations for the entire population. Vegetable supplies will be greater than in the corresponding months a year ago, although there will be shortages of some items, such as tomatoes. The monthly egg ration of 11 to 12 will be maintained.

AFTER MIDNIGHT

Official sources disclosed in London yesterday that high U.S., British and French military representatives will meet soon to work out a plan for close cooperation and joint strategy in the Far East.

Cairo-Bonn Trade Talks Broken Off Indefinitely

CAIRO, Wednesday (AP). — Trade negotiations with the West German delegation have been broken off and the Bonn group will leave for home tomorrow, a Foreign Ministry spokesman said today. No reason was given.

(In Bonn the Government Press Office announced that the talks had been interrupted for an undefined period, and a spokesman declared that one could "not yet say the talks had been broken off." He added that the delegation is remaining in Cairo "for the time being").

The Egyptian spokesman said that "there will be no more negotiations with the West German delegation" and announced at the same time that negotiations with the East German delegation will start at noon tomorrow.

Later, Dr. Ludger Westrick told a news conference that he did not think further meetings were necessary, but denied the talks had been broken off. "During the past eight days both sides have had ample time to exchange their views in complete frankness and cordiality."

Meanwhile, Government sources in Bonn expressed pained disappointment over what they consider the exorbitant demands for economic concessions from West Germany made by Nagib. Egypt has asked for $374m. in long-term credits and a wide range of services and materials for her influence to prevent the threatened economic boycott by Arab states as a reprisal for Bonn's restitution agreement with Israel.

An official source in Bonn said the Germans had offered trade credits amounting to $93m.

There was no previous indication of a rift although reports from Bonn said West Germany is not in a position to extend huge credits over a long period.

Bonn sources also were chagrined that the Egyptian Government was receiving a rival trade delegation from East Germany while the West Germans were still negotiating in Cairo. Some quarters here indicated they considered this "pressure tactics."

A Bonn Foreign Ministry spokesman said: "There seems to be a feeling among the Egyptians that we are in their debt because of our agreement to make restitution to Israel. This is not the case. The object of the West German delegation in Cairo is only to safeguard and further the traditionally friendly relations between our country and the Arab States."

The spokesman said the talks were interrupted because of "exaggerated Arab demands" and because Egypt began trade talks with East Germany despite assurances to the contrary. He could not say when they might be resumed.

Anglo-Egypt Accord Reached on Sudan

LONDON, Wednesday. — Britain and Egypt have reached agreement on the future of the Sudan and a pact will be initialled in Cairo tomorrow, authoritative British sources said tonight.

An extraordinary Cabinet meeting was held by Prime Minister Churchill tonight for a final review of the treaty draft, and was attended by Foreign Secretary Eden, who returned from his country home for the meeting.

In Cairo Ambassador Sir Ralph Stevenson conferred with Premier Nagib or 90 minutes. They meet again tomorrow, when the treaty is expected to be initialled.

Agreement on the Sudan question is expected to pave the way for an overall settlement of the conflict over the Suez Canal Zone and Egypt's demand for the evacuation of British forces.

The accord is reported to provide immediate self-government for the Sudan, leading to self-determination in three years, when the Sudan will be free to decide on its future political course — independence, union with Egypt or with the Commonwealth. Britain is said to have agreed to the speedy withdrawal of British officials, while Cairo met Britain in her insistence that the British Governor-General shall retain certain special powers and responsibilities for south Sudan.

Ex-Commander Jailed

General Hussein Sirry Amer, former Commander of the Frontier Corps and alleged member of ex-King Farouk's "Iron Guard," was sentenced to life imprisonment and dismissal from the Army today. He was charged at a court martial last October with desertion, fomenting rebellion against Nagib's military junta and smuggling arms to Israel.

Colonel Sayed Farah, former Governor of the Western Desert, was acquitted of five charges, including one of helping Sirry Amer try to escape into Libya after Farouk had abdicted.

Nagib today attended the funeral of 29 Egyptian officers and men killed yesterday when a transport plane on its way from the El Arish frontier garrison town flew into a sandstorm and crashed on a hill. The victims were buried with military honours and the General laid a wreath on each grave.

EBAN SEES SMITH

WASHINGTON, Wednesday (UP). — Mr. Abba Eban said after a long conference with Under-Secretary of State Walter Bedell Smith today, that he had 'great confidence that Israel's point of view is sympathetically understood by the new American administration."

The Israel Ambassador said; "My call on General Smith was my first at the State Department since the change of Administration. We reviewed the whole field of U.S.—Israel relations and the current situation in the Near East."

He declined to go into details of the subjects covered in their 45-minute conversation.

Gales Return To Threaten Europe

LONDON, Wednesday (Reuter). — Gales, snow and rain swept a shivering Europe today. Shipping in the North Sea was warned of rising gale-force winds from the East and people in flooded Holland prayed the winds would drop before the high spring tides on Friday.

Parts of South-Central Turkey face a flood disaster if rains continue to swell the Seihun and Jihun Rivers, at the Northeastern corner of the Mediterranean, Ankara Radio reported.

The rivers are already overflowing. Several districts have been evacuated and several villages cut off.

דלק
DELEK
BENZINE
KEROSINE
GAS OIL
LIGHT FUEL OIL
HEAVY FUEL OIL
LUBRICATING OILS
PARAFFIN WAX
חברת הדלק הישראלית בע"מ
THE ISRAEL FUEL CORPORATION LTD.

La Petite Regence Bar

THE JERUSALEM BUSINESSMAN'S BEST MEETING PLACE

King David Hotel

Social & Personal

President Ben-Zvi yesterday received Mr. Itzhak Raphael, head of the Jewish Agency's Immigration Department. They discussed the situation in the centres of Jewry in Europe and North Africa and problems of emigration from these countries.

•

Mr. L. Ralston, of the U.S. Embassy in Tel Aviv, returned from the U.S. by T.W.A. yesterday.

•

Dr. V.E. Wilkins, Director-General and administration head of the European Plant Protection Organization, and Dr. R. Poutiers, Technical Adviser, who spent four days in the country at the invitation of the Ministry of Agriculture, are leaving for Rome today. They are on a tour of Mediterranean countries.

•

Dr. Menahem Naor is to speak on "New Methods of Geographic Research of the Bible," under the auspices of the Israel Biblical Research Society, at Terra Sancta College in Jerusalem at 8 o'clock tonight.

•

OBITUARY

Mr. Zvi Greenberg

The sudden death took place in Jerusalem, on February 11, 1953, at the age of 47, of Mr. Zvi Greenberg, Secretary of the Jerusalem Office of the J.D.C. and Malben.

Various Proposals Made To Fight Unemployment Problem

POST Economic Correspondent

Several proposals are being made to alleviate unemployment. The Histadrut is attempting to mobilize provident fund monies for the creation of additional jobs. Some townships have already asked inhabitants to employ more workers. The new Minister of Interior wants to empower municipalities to raise a special tax to be devoted to public works. Other proposals aim at a redistribution of employment so that only one of a married couple should be allowed to work. And there are people who would prefer the State to pay a dole rather than launch public works. They argue that the dole would cost something like IL.3 a day per person while the creation of one working day on public works amounts to no less than IL.15.

That there are so many and such strikingly varied proposals to deal with unemployment is a result of different angles of approach. Those who advocate prohibition of work for both husband and wife consider the issue only from the social point of view. During a period of unemployment, they argue, jobs should be divided as equally as possible, and strengthen their argument by citing precedents when the Histadrut tried to enforce prohibition of this kind by its members. Those who try to solve the problem by forcing citizens to take on additional workers may have some success, especially as many odd jobs have been delayed owing to the labour shortage. Although this sort of thing can only be a partial solution it can certainly do no harm.

Additional Local Tax

The proposal to levy an additional local tax in order to start public works falls into a very different category. Such a course may well defeat its own purpose. Lowering production costs which would create a new need for workers meets with several obstacles: inefficient management, high wages in relation to output, high taxes by the Treasury and by the municipalities. The latter rates have not attracted the same publicity as the high income tax and the various indirect taxes, but they are a very heavy burden for town dwellers and have been rising steeply during the last couple of years. These as well as the taxes which go to the central authorities, have drawn off a great deal of money which might have helped to increase production. It is high time that the searchlight which is now being turned on Government personnel should also shed light upon municipalities so as to initiate an efficiency campaign. To choose the present moment to levy additional taxes for the creation of employment will inevitably inhibit other economic activities.

Every proposal for the creation of additional employment should, in fact, be examined from the angle of whether it is likely to make additional wheels turn in the economy, that is, will it increase production? That agriculture and exports should in this respect hold pride of place has already been accepted as axiomatic although the means are not yet sufficiently clear. In addition to these ambitious schemes there are however many modest ways of alleviating unemployment. Service in hotels and restaurants was and is not up to the mark on account of high wages. The plight of the working housewife who is without adequate domestic help has become proverbial and generally speaking repairs have been left undone in homes, on farms and on business premises because workers were either not to be had at all, or so expensive that they could not be employed.

Lower Wages

This is obviously a topsy-turvy state of affairs. It has been pointed out that in the United States domestic help is also either very expensive or unobtainable but the analogy with Israel does not hold. Our conditions are completely different from those in the States and our output is so much lower that what is right for Detroit will not necessarily be right for Petah Tikva. The policy of over-employment through public works has indirectly lowered the productivity of trained people who could not get enough untrained help or were unable to pay. The woman doctor or teacher who cannot get domestic help either does less professional work or pays with her health. The understaffed enterprise produces less and inferior work.

This position can be changed if wages for unskilled work go down. A beginning has already been made in those public works which are created with the specific purpose of additional employment. If the Histadrut were to agree to the lowering of wages for certain types of work in order to create more jobs it would pay in the long run. Because of its overwhelming influence on the labour market the Histadrut cannot be ignored.

A word of some warning should be spoken with regard to the plans for paying dole. A time may come when the dole will be the only means of preventing severe hardship. But we should not forget that morale in this country has already severely suffered in the immigrant camps and from the low output required in public works. If we should now allow people to live on the dole for prolonged periods, damage almost beyond repair may be the result.

Sharett Awards Prizes To Students

At a special ceremony in Jerusalem yesterday afternoon, Foreign Minister Moshe Sharett awarded prizes of IL.500 each to Mr. Y. Goldstein and Mr. A. Natan for their exemplary work in the School of Oriental Studies of the University.

Mr. Sharett said that these prizes were more a demonstration of the interest of the Government in the work of the students than a solution to their economic problems. He spoke of the importance of popularizing oriental studies among the public at large.

Professor S.D. Goitein, head of the School, recalled the name of Dov Sandler, one of the four students who had received the prize two years ago, and who was killed shortly afterwards while serving in a reserve unit. Stressing the importance of such prizes, Professor Goitein spoke of the great difficulties under which the students were labouring.

Professor B. Mazar, the Rector, and many other professors were present.

BODY FOUND IN NATHANYA SYNAGOGUE

HAIFA, Wednesday. — The body of a man who had apparently committed suicide was found in the Nathanya Central Synagogue at 11 a.m. today. The man, who has not yet been identified, held a glass filled with a white substance in his hand.

A bag with his phylacteries and a loaf of bread were found near the body.

YUGOSLAVIA. — The International Bank has granted Yugoslavia a loan of $30m. under an agreement signed in Washington yesterday to buy equipment for industrial and mining construction and transport, the Yugoslav News Agency reported.

EMERGENCY PHARMACIES

JERUSALEM: Brocheteia, near Zion cinema, 3374. Zichron Moshe, near Edison cinema, 4191.

TEL AVIV: Dr. Michlin, 112 Allenby, 3213. Amot, 34 Ben Yehuda, 3160. Gilad, 193 Dizengoff, 4344. Moshkowitz, 25 King George, 62450. Hatikva, Hathiva Qr., 67494. Nivo (Jaffa) 5 Rehov 20th, 80971. RAMAT GAN: Israel, Herut Qr. GIVATAYIM: Brisk, 7 Birkin. HAIFA: Balfour, 1 Masada, 2289. Hacohen, 28 Wadi Salib. KIRYAT BIALIK: Bialik, 7230.

EMERGENCY PHYSICIANS

TEL AVIV: Dr. M. Shalom, 1 Sokin, 6943. Dr. G. Beigel, 193 Ben Yehuda, 64693. Dr. R. Kolman, 34 Harav Kook, 62317.

WATERSNOOD, 1953

Approximately IL.8,500 have been donated to Watersnood, 1953. Yesterday's total was 2,257.

All proceeds of Kol Israel's concert on Tuesday are to go to the victims of the floods in Holland.

The Netherlands Minister and Mrs. Van Karnebeek yesterday received a delegation of 12 pupils from the Neve Yaacov School in Katamon, Jerusalem, who presented a purse collected by the children representing the equivalent of one day's sweets.

In making the presentation, the spokesman for the group said that among the pupils was a boy who had been saved from death "by your noble countrymen" during the Nazi occupation of Holland.

Twenty invalids of World War II living in the Bat Yam ma'barah and the Amidar project contributed a total of IL.25.

The Netherlands Legation in Israel gratefully acknowledges receipt of the following contributions to the flood victims' funds, "Watersnood 1953":

IL.200.— Kwutzat Dowrat, Afikim (E. 6 C. Lessing, H. 6 L. Heymans, W. 6 E. Engel, E. 6 S. Roses, A. 6 I. Awni, E. 6 F. Klein, D. 6 H. Keren, A. Keren, T. Cassanos, G. Lewin, K. 6 C. Schonbach, S. 6 T. Lederer and other members).

IL.100.— N. Nathkowitz, Tel Aviv; J. Trachtman, P.H. Grosse, Tel Aviv.

IL.70.500 — Netherland immigrants, Hadar Am near Kfar Yedidya.

IL.75.— Some friends, represented by Messrs. Bab & Rabowitz, Rehovot American Near East Corp., Ltd., Tel Aviv.

IL.55.040 — Employees of the Jerusalem Electric and Public Service Corp., Ltd.

IL.50.— Mosheb Ayeleth Hashahar Ezrachi, Holon; Moshe Sharett, Hakirya; Kwutzat Sde Nehemia.

IL.45.— Dr. Pilom, Tiberias.

IL.41.— Chiefs & Employees Architects Office Reckter, Zahari en Sharri, Tel Aviv.

IL.36.— Hattis Greenebaum & Co., Tel Aviv; E.F. Gelber, Tel Aviv.

IL.25.— L. Bawly, Tel Aviv; M.H. Cohen, Yokneam; B. Engelsman, Haifa; Mrs. Jocelyn Logan, Jaffa; M. Eran, Israel Defence Army; Dov Jordan & D. Jordan, Tel Aviv; Messrs. Kesselman & Kesselman, Tel Aviv; A. Prins, Tel Aviv; Mrs. L. Rubinow, Tel Mond; A.H. Vromen, Tel Aviv.

IL.23.— The Personnel and the Associate of the American Church, Jerusalem.

IL.21.500 — Moshav Michmoret.

IL.20.— Anglican Church Services, Jerusalem; Dr. S. Donner, Tel Aviv; B.J. de Groot, Givatayim; Dr. J. van der Hoeden, Givatayim; A.F. Levie, Tel Aviv; C. Hakker, Kfar Sabar; Mrs. J. Boezewasser, Tel Aviv; A. Vredenburg, Ramat Gan.

IL.18.— Members of the Coop. Architects Office Carmi, Tel Aviv.

IL.15.— A. Biermann, Rehovot.

IL.12.— Mrs. C. Beigel-Menia, Haifa.

IL.11.— Employees of the Architects Office A. Sharon & B. Idelson, Tel Aviv.

IL.10.— N.N., Hendrie Clerks of the American Near East Corp., Ltd., Tel Aviv; N.N., Petah Tikva; Mrs. J. Bergmann, Tel Aviv; M. Birkenfeld, Beersheba; Mrs. S.Z. Chase, Jerusalem; A.M. Cohen, Holon; I.L. Cohen, Hadera; J. Duizend, Jerusalem; F. Eisenstadt, Tel Aviv; A. Garber & Mr. and Mrs. S. Talman, Jerusalem; K. Geller, Tel Aviv; A. Gabel-Stark, Rehovot; N. & R. Goodenough, Nahariya; A. Grunzfinger, Tel Aviv; A. de Groot, Tel Aviv; Ph. de Groot, Bnei Brak; F. & J. Fredrick, Jerusalem; Mrs. E. Herz, Holon; J. Hoeksa, Tel Aviv; I. Jahadai, Tel Aviv; Mrs. E. Jesurich-Viezenthauser, Jerusalem; E. de Jong, Bat Yam; S. Koppel, Bat Yam; van Kralidi, Tel Aviv; "Hirah" Insurance Service, Jerusalem; "Oud Nederlander" Stoom Ltd., Tel Aviv; H. Spanier, Haifa; Mrs. E. Steiner, Military Post; B. Shapiro, Tel Aviv; P. Stern, Haifa; S. Tal, Tel Aviv; L. Tas, Tel Aviv; G. Ullreich, Jerusalem; Dr. A. de Vries, Jerusalem; W. & I. Loebenstein, Tel Aviv; S. Wolf, Ramatan.

IL.8.— Avish Yehuda, Mavat, Adina & Raffael Tamari, Ramat Gan.

IL.7.500 — M. Rosefane, Jerusalem.

IL.7.— N.N., Tel Aviv.

IL.6.150 — Pupils of the "Neve Ya'acov" School, Jerusalem.

IL.6.— I. Achai, Bnei Brak; M. Bauwier, Yad Eliyahu; Mrs. A. Bergida-Cole, Jerusalem; Dr. J. Brauners, Bat Yam; M. Bovis, Haifa; M. Cohen, Ramat Gan; Mrs. E. Copenhagen, Tel Aviv; Mrs. A. Czapski, Jerusalem; W.D. Cole, Tel Aviv; L. Blum, Jerusalem; N.N.; Mrs. J. Dutz, Ramat Gan; Mme I. Czopp, Kfar Shmaryahu; Sh. Frank, Bat Yam; Mr. Freund, Kfar Pines; B. Greenstein, Tel Aviv; S. de Groot, Massuyas; Fr. Heymans, Nahariya; D. Heijmans, Ramat Gan; Dr. K. Grunwald, Jerusalem; I. Jesaurun, Rishon leZion; A. & R. Katz, Jerusalem; B. Geffer, Tel Aviv; Messrs. Arda Gloves, Tel Aviv; C. de Leeuw, Kibbutz Na'an; A. Lowenthal, Haifa; Mr. and Mrs. Lowenthal-Spier, Jerusalem; Mrs. J. Mitrani-Barsman, Kiryat Motzkin; Mrs. C. Leevenberg, Givatayim; Dr. J. Loos, Jerusalem; Mr. and Mrs. J. Licht, Jerusalem; Sh. Naim, Nazareth; Mrs. R. Nikova, Jerusalem; Mrs. S.B. v. Tijn-Dannenbaum, Jerusalem; M. Zehavi, Ramat Gan; B. P. van Vlijmen, Jerusalem; J. & R. Rubinstein, Tel Aviv; Sh. & J. Wax, Ramat Gan; G. Strasshaw, Bat Hasonah; S. Stopper, Jerusalem; Dr. and Mrs. Winkelberg, Jerusalem; S. Simon, Jerusalem; Mr. and Mrs. J. Reaks, Jerusalem; J. Reichfeld, Zichron Ya'acov; R. Reisel, Nathanya; M. Schaap, Ramatayim; R. Schwartzmann, Tel Aviv; J. Saphat, Nathanya; L. Sonnenschein-Onderwijzer, Jaffa; Miss L. Onderwijzer, Petah Tikva; Ph. Pinto, Bat Yam; Mrs. J. Waldberg, Tel Aviv; A. Prins, Rehovot; M. Zagon, Ramat Gan; Mrs. S. Serlet, Ramat Gan; Eng. A. Reiss, Hakirya; G. Shamir, Tel Aviv; Mrs. S. Sterner, Hefzibah; A. Rosenberg, Haifa; D. Polk, Haifa; Mrs. Samson-Cohen, Haifa.

THE HEBREW NATIONAL OPERA

TEL AVIV — Habimah — Tuesday, Feb. 17 — 9 p.m.
Carmen
Opera in 4 acts by Bizet

TEL AVIV — Habimah — Tuesday, Feb. 24 — 9 p.m.
Khovanchina
Musical Drama in 5 Acts By M. MOUSSORGSKY

HAIFA — Arena — Thursday, Feb. 26 — 9 p.m.
Fledermaus
Operetta in 3 acts by Johann Strauss

Tickets: Habimah, 27 Allenby, Tel Aviv and at the Habimah box-office. Hotel Gratsiany's office.

REVIEW OF YESTERDAY'S PRESS

Opinion Differs from Right To Left on Identity of Criminals

The bomb outrage in Tel Aviv continues to be the main topic in the press: condemnation of this criminal act is universal, and there is guessing about the identity of the perpetrators.

The Soviet Ambassador Mr. Yershov quoted by "Ha'aretz" (Independent) and "Kol Ha'am" (Communist) expresses the opinion that the attempt was a result of the "anti-Soviet" campaign (following the recent anti-Semitic policy in the East) in this country, while several other papers voiced the opinion that according to the old principle of "cui bono" it is possible that the provocateurs who threw the bomb were directly or indirectly connected with the Communists.

"Al Hamishmar" (Mapam) says that the crime should serve as a warning: the intention of the crime was undoubtedly to aggravate our foreign political position and there cannot be the slightest doubt that the criminals were enemies of both the Jewish people and Israel. The paper says that Mapam does not agree with the Communists who deny the existence of a Jewish nation and fight Zionism, but an ideological struggle should never lead towards unbridled attacks, which help Fascist-terrorist groups to grow and act.

New Pretext

"Omer" (Histadrut) says that the bomb will not cause an end of the attacks against Jews, Zionism and Israel behind the Iron Curtain—it might have very different results: it will offer a new pretext to those elements. The paper calls the perpetrators of the crime "mad criminals."

"Haboker" (General Zionist) asks all citizens to collaborate with the police in finding and arresting the criminals but expresses regret that the Soviet Embassy did not cooperate with the police. Both "Haboker" and "Davar" sharply criticize the anti-Zionist elements who now wish to cash in on the irresponsible outrage and exploit it for propaganda purposes.

"Davar" (Histadrut) says that those who justify anti-Jewish libels will be isolated in the future as in the past and all their desperate attempts to exploit this mad crime which has been generally denounced are utterly futile.

"Kol Ha'am" sees the reason for the bomb attempt in "anti-Soviet" incitement, while "Hamodia" (Agudat Israel) believes that it should be explained as a result of non-religious education towards rootless nationalism.

Education Needed

"Ha'aretz" says security precautions in several fields are not adequate; there are too many people who have been allowed to keep arms legally, and there are too many who keep them anyway. Little has been done to guard explosives such as used in quarries. The paper sharply condemns the bomb outrages and demands that citizens of this country and especially youth should be educated with an attitude of respect towards guests from abroad, and foreign diplomats.

"Hatzofe" (Hapoel Hamizrahi) says that there is of course a possibility that the bomb attempt was committed by "hotheads" such as those who attempted similar outrages at Hakirya and at the home of the late Mr. Z. Pinkas. It is however more likely that the perpetrators belong to the camp of our enemies, who wish to destroy the State from within.

This bomb is just what was needed by them to create the suitable atmosphere so that they may take courage anew when they are completely isolated following their identification with the anti-Jewish lies. Their appearances in the Knesset in the press and elsewhere show that they have only waited for such an opportunity to accuse the Government and the people, and who knows whether they have not created this opportunity themselves? But whoever the perpetrators of the crime are, they must be found by the police and punished.

AT THE CINEMA

ANDRE Cayettes "Nous sommes touts des Assassins" (Orion, J'lem) is a semi-documentary condemning capital punishment, with an unbalanced young man as the central character who develops into a criminal, after having been a member of the Maquis. This is one of the most realistic attempts ever witnessed on the screen. From the Nazi roll-call at the beginning, until the convicts are prepared for execution it was rather more than our troubled nerves could stand.

Tales from the Woods

"The Big Trees" (Or-Gil, J'lem) is a technicolor epic of the conquest of California's woods. Kirk Douglas's adventures are reminiscent of one of Pearl White's episodes, so strikingly parodied in "The Perils of Pauline."

FRANGO

JERUSALEM CINEMAS

At 3, 6.30 & 8.30 p.m.

ARNON: Ten Tall Men.
EDEN: Westward the Women.
EDISON: Faust (Le Beaute Du Diable).
OR-GIL: The Big Trees.
ORION: Nos Soeurs Tous des Assassins. (6.30 & 8.30 p.m.).
ORNA: On Moonlight Bay.
STUDIO: Il Bacchero di Siviglia.
ZION: Something to Live For. (6.30 & 8.30 p.m.).

On the Air

JERUSALEM: 467 M.; HAIFA: 249 M.; TEL AVIV: 49.8, 33.9 & 322 M.

FIRST PROGRAMME

NEWS: Hebrew 7 a.m., 7.59, 1.30, 6.15 & 11.00 p.m. Arabic Programme (including News): 8 a.m., 2.15 & 6.30 p.m. 6.00 a.m. Service. 6.35 Exercises. 6.45 Musical Clock (R). 7.15 Melodies (R). 8.30 Close Down. 10.30 a.m.: Music While You Work (R). 11.00 At the Opera (R). 11.40 Housewives' Corner (R). 12.00 Programme for Hospitals. 12.35 Concert Hall: Prelude "La Demoiselle elue" (Debussy); "Francesca da Rimini" (Tchaikowsky); Symphony No. 1 (Milhaud). 1.45 Programme Announcements. 1.48 Break for Music. 3.30 Close Down.

4.00 p.m.: Variety (R). 4.45 Popular Instruments. 5.00 Musical Miniatures. 5.30 Child's Corner. 5.45 Children's Hour. 7.00 Variety. 7.07 Programme Announcements. 7.10 "The Voice of the Violin." 7.30 "Where to Go" (Jerusalem). 7.50 Light Music (T.A.). 7.50 "Water in Israel." 8.24 Bible Reading. 8.45 "The Knesset and its Committees." 9.00 "Kol Yisrael" Orchestra: Conductor: Shaltiel Petrushka, Soloist: Lotte Lenke. 9.45 Chamber Music. 10.15 Music (R). 11.05 Close Down.

SECOND PROGRAMME

440, 221, 214 & 43.9 M.

English News: 1.45 p.m., 10.15 p.m. French: 2.00 p.m.

4.00 p.m.: Opera. 4.45 Music (R). 5.00 Programme for Youngsters. 5.20 Piano Lesson. 6.15 Close Down.

(IMMIGRANTS HOUR (33.5, 43.9 & 440 M.): French: 6.30 p.m. Ladino: 7.00 p.m.: Yiddish: 7.30 p.m.

KOL ZION LAGOLA (33.3 M.): 11.15 p.m.: Nizzavtzel. 11.30 Here and There. 11.35 Greetings.

ARMY PROGRAMME (44.5, 216, 225 & 229 M.): 6.30 Opening. 6.35 Classical Requests. 7.30 Today's Events. 7.35 "Discoveries & Inventions." 7.50 "Water in Israel" 8.30 News. 8.45 Talk. 9.15 Dance Music. 10.00 Close Down.

B.B.C. HEBREW BROADCASTS (24.92 & 30.53 M.): 6.30-7.00 p.m. News, News Talk, Week's Feature.

UJA — Samuel H. Daroff has been named Chairman of the American United Jewish Appeal national campaign for 1953. He succeeds Morris Rechinstein who will serve as one of the five national chairmen.

Where to go

JERUSALEM

9-4: Jerusalem Biblical Zoo: Romema, Bus 15. Feeding time: 2-3 p.m.

9-1; 2-5: Bezalel Museum: Bezalel Schatz, Old Paintings and Drawings. Masks of Primitive Peoples. Contemporary Israeli Painters.

8 p.m.: "Lady Precious Stream" Chamber Theatre Edison Hall.

9-4: Archaeological Exhibition, Dept. of Antiquities, 25 Rehov Shlomo Hamelech.

10-1: Sanhedria Tombs.

10-1; 4-6: Exhibition: Ruth Bamberger, Haifa Artists. Artists House.

11.30-12.30: Film Show at Keren Hayesod Head Office.

TEL AVIV

8 p.m.: "Pak-up Girl" Chamber Theatre: Mograbi Hall.

6-7: Memorial exhibition of the artist, Menahem Shemi (Schmidt); 126 paintings and drawings of the Habimah and Ohel Theatre decors. Museum.

10-3; 4-8: Exhibition of paintings by Yehiel Krize, at the New Gallery, Central Building, 94 Allenby Rd.

6 & 9 p.m.: Lotte-America Ballet, Rama, Ramat Gan.

HAIFA

6-7 p.m.: Exhibition of paintings by Wittman, Kurt, Nassau; Artists' House, 32 Rehov Ilan, (opp. Cornelia Court)).

GIVATAYIM

8.30 p.m.: The Wonderful Revue "It Will Be Good." Li-La-Lo.

TIBERIAS

4.30 p.m.: Special concert. Haifa Orchestra. Auspices Tiberias Municipality. Elisheva Cinema.

IN EVERY HOME FOR EVERY WASHING
REFLEX
IS GUARANTEED HARMLESS

STOCK MARKET
TEL AVIV

FEB. 11.

		Rise or Fall
Govt. Loan		
7%—1951 (exp.)	100	—
—1949 (reg.)	100½	—
3½—1952 (reg.)	101	—
Exp. Loan		
1949/50 (IL.10)	102	—
1950/75 (IL.10)	97	—
3½% Tenei Dollar	100½	+1½c)
3% Nat. Loan (large)	273	—c)
6 Loans Ord. sh.	232	—
A.P.E. Invest.		
4% Debs. 50/70	96½	—
4½% Pref. sh.	99	—
Ord. sh. B	112	—
Gen. Mortg. Bk.		
4% Debs. 48/63	83	—
5% Pref. sh.	63	+½
Bisur Debs.		
4% 46/58	91½	—
4% 56/65	69	—
4½% 52/66 reg.	832	—
Nir Ltd.		
4% Debs. 39/59	85	—a)
5% Pref. sh.	63	+½
Pilos Debs.		
4% 42/62	80½	—
P.L.D.C.		
Ord. sh.	179	—
5% Debs.	104	—
Afr.-Pal. Inv. Ord. sh	131	—
Ramco		
4% Debs. 58/63	70	—
6% Pref. Ord. sh.	89½	—
Pal. Potash 6% Pref. sh.	151½	—
" "A" Ord. sh.	91½	—
Pal. Elec. Ord. sh. (Iss.)	145	—1
Yahoreth Pref. sh.	68	—
Ata 4% "C" Pref. sh.	95½	—
Ord. "B" sh.	139	—½
"Kardanith" Ord. "B" sh	129½	—½
Assis-Bel.: "B" sh.	160	—
"Tera" Ord. sh.	98	—
Nesher 6% Debs.	100½	—
Lodzia 4½% Pref. sh.	57	—
S.A. Binyan Ord. sh.	90	—
Pal. Centr. Tr.	80½	—
Pal. Bearer Bd.		
Ser. 1	69½	+1½
Ser. 2	68½	+1½
Ser. 3	69	+1½

Notes: a) purchasing price; b) selling price; c) ex coupons; d) ex rights.

Notices to the Public

END OF SALE OF 50 PRUTA HERZL STMPS

The Postmaster General announces that the sale of the 50 prutа Herzl Stamps will end at all Post Offices throughout the country on March 1, 1953.

These stamps will be sold as far as they are available until this date.

The stamps will also be sold, as far as they are available, at the Philatelic Service of the Israel Post Office, until March 15, 1953, inclusive.

The stamps will remain valid for use as postage stamps.

CHANGE OF P.O.B.

The Committee for Granting Auditors' Diplomas wishes to announce the change of its P.O.B. number. The P.O.B. number will be, from now on: 474, Tel Aviv.

DISTRICT COURT OF HAIFA
Probate No. 18/53
IN THE MATTER OF TOBY LEVIN, DECEASED

PETITIONER: BERNARD LEVIN represented by A. Tirosh and H. Mayer, Advocates of Haifa, 2 Rehov Herzl.

IN VIRTUE of an order of the District Court of Haifa, bearing date this day, I do hereby cite all and all manner of persons to appear in the said Court on the 20th of February 1953, at 10 a.m. and show cause, if any they have, why the last will of Toby Levin, deceased, should not be proved, approved and registered and probate thereof granted to Bernard Levin, named therein, etc. in default thereof, the Court will proceed to grant the same accordingly.

5.2.53 S. RAZI—Registrar

CAPITAL WANTED
(approx. IL.5,000)
for short-term investment yielding excellent profit. Full security. First-class references requested and given.
Offers to No. 833, P.O.B. 1123, Tel Aviv.

B. Gillon — K. Ginsburg
IMPRESARIOS
Latin-America Ballet
TONIGHT 2 FAREWELL PERFORMANCES
for TEL AVIV and vicinity
at 6 and 9 p.m.
"RAMA" Ramat Gan
Tickets:
Tel Aviv: "Armon", 4 Rehov Hess; "Baron", 168 Rehov Dizengoff (next to K.K.L.). Ramat Gan: "Reichnitz", 57 Rehov Rishk. Also before performances at the theatre box office.

RESPONSIBLE EXPERIENCED
COST ACCOUNTANT SEEKS POSITION
Serious offers are invited.
"COST ACCOUNTANT"
P.O.B. 2082 or Tel. 3902
TEL AVIV.

Foodstuffs Factory
REQUIRES INTELLIGENT YOUNG MEN
to augment present staff. Responsible positions. Must know fluent Hebrew and German. Applications giving full details, curriculum vitae and references to: No. 8571, Shefei Advertising, 32 Allenby Road, Tel Aviv.

IMPORTANT NOTICE TO OWNERS OF
"Citroen" Cars
A limited supply of original Citroen spare parts have arrived.
Please contact the garage immediately to ensure the necessary repairs for your car.
Citroen Garage
31 Rehov Hamasger (formerly Rosh Pina Rd.), Tel Aviv
The Management

Theatron Musicali
"MY SISTER AND I"
MUSICAL COMEDY BY RALPH BENATZKI
First performance in Jerusalem February 18 — Edison
Tickets: Cahana
First performance in Haifa February 19 — "Orah"
Tickets: Koppe & Reiter Perfumery, 37 Rehov Herzl.

The Israel Medical Students Association
PURIM BALL
under the esteemed patronage of Mr. Yosef Serlin, Minister of Health, and Mrs. Serlin.
Sunday, March 1, at the King David Hotel Jerusalem
Tickets at the Medical School, Tel. 4268, Jerusalem.

LARGE IMPORT-EXPORT COMPANY requires first-class
COMMERCIAL CORRESPONDENT
with business experience and perfect knowledge of English and Hebrew. Please write with full details of age, previous experience and salary required to: "Import and Export Position," P.O.B. 1123, Tel Aviv.

NEW enlarged premises
MORIAH HOTEL
93 King George Ave.
JERUSALEM
Tel. 5575
★ BREAKFAST
★ LUNCH
★ DINNER

Pension Frank
FOR CONVALESCENCE
FOR VACATION
FOR FINE FOOD
Ramat Gan, Tel. 7235

Piano House "Kreitler"
ON MT. CARMEL, HAIFA
PURCHASE ◆ SALE ◆ REPAIRS ◆ TUNING
will be opened
TODAY, THURSDAY, FEB. 12, AT 4 p.m.
KREITLER & DEGEN
3 Wedgewood Ave., Mt. Carmel, Tel. 3017

A Gramophone In Every Home
YOU TOO CAN NOW ACQUIRE
A GRAMOPHONE BY INSTALMENTS
at our store
Symphonia
30 BEN YEHUDA ST. TEL AVIV

AMPHITHEATRE, Haifa ★ Starting this Saturday, Feb. 14
The great actress — MARGARET LOCKWOOD
in one of the best roles of her career
MADNESS OF THE HEART
with MAXWELL REED Distribution: "SUNFILM" Tel Aviv

RKO RADIO PICTURES
Israel Premiere
STARTING SATURDAY FEBRUARY 14, 1953
AT THE MIGDALOR CINEMA—TEL AVIV
Vittorio de Sica's Masterpiece
MIRACLE IN MILAN
WITH
Francesco Golisano * Emma Gramatica
THIS PICTURE WAS GRANTED THE INTERNATIONAL CRITICS AWARD AND HAS BEEN CHOSEN AS THE BEST FOREIGN PICTURE BY THE NEW YORK FILM CRITICS
RELEASED THROUGH RKO RADIO PICTURES INC.
HEBREW SUBTITLES ON THE FILM SHORTLY AT THE ATZMON CINEMA, HAIFA

Today's Post Bag

THE WEATHER

	*A	B	C	D
Mt. Carmel	94	5	8	12
Tiberias	79	11	20	21
Haifa Port	61	11	15	17
Nathanya	56	11	18	20
Hadera	50	10	18	20
Tel Aviv Port	60	12	16	18
Lydda Airport	51	9	15	20
Jerusalem	45	5	10	13
Beersheba	70	—	14	17
Eilath	—	11	—	12

FORECAST: Fair.

*A) Humidity at 3 p.m. B) Minimum temp. expected today. C) Maxim. yesterday. D) Maxim. temp. expected today.

* * *

WHILE INTERVENING in a quarrel yesterday between two youths at the police station at Bet Zefafa near Jerusalem, a policeman was stabbed and slightly hurt.

* * *

AS OF SUNDAY, stamps on letters posted in Jerusalem are to be cancelled with the slogan "Come to Israel, Land of the Bible"; and those posted in Tel Aviv-Jaffa with "Israel, For Year-Round Vacations."

* * *

MONEY IN CIRCULATION increased by IL.3,400,000 in the past week through the increase in Treasury bills and reached IL.132,427,736,856, according to the weekly announcement by the Issue Department of the Bank Leumi.

* * *

AN ISRAEL resident was discovered stowing away in the s.s. Negbah in Haifa yesterday. He was detained by port police.

* * *

CHARGED with entering the country without a passport last June, Israel Zusman, now residing in Tel Aviv, was fined IL.100 by the Tel Aviv Magistrate's Court yesterday.

* * *

FOUND GUILTY of attacking his brother, Shraga Genesh, 30, of Tel Aviv, who hit his brother injuring him in the hand during an argument between them last May, was fined IL.50 with the alternative of two months' imprisonment by the Tel Aviv Magistrate's Court yesterday. He was also bound over in IL.100 bond to be of good behaviour for one year.

Higher Output At Refineries Unlikely

No possibility exists at present to increase production at the Consolidated Refineries in Haifa above the present level of about one million tons a year, it was learned in Jerusalem yesterday.

Since the beginning of the War of Independence, when the Kirkuk-Haifa pipeline was cut by Arabs, the Refineries have worked at about 25 per cent of capacity in refining crude oil brought by tankers. This amount covers local consumption, but it appears that high production costs will prevent importing crude oil for refining and export.

Fuel Department sources explained yesterday that it is not expected that refined products would be exported before the normal supply of crude oil is available again.

The agreement between the Anglo-Iranian Oil company and the Government on the status of the Refineries has no connection whatsoever with the question of the total volume of crude oil to be refined at Haifa. The Company has not undertaken any obligation to this effect.

Two Remanded In Travel Ticket Case

Continuing its Jerusalem round-up of travel agency personnel suspected of having violated foreign currency laws, the police asked for three more orders of detention in the Magistrate's Court yesterday.

The Court issued two orders of detention for seven days each against Michael Povsner, manager of Peltours in Jerusalem, and against Nisim Bitran, an employee of the agency. An order of detention for 14 days against Nahum Danziger, head of the Jerusalem offices of Patra, was refused and the Court released the suspect on IL.250 bail instead.

Port Captain Dies In Fall from Ship

HAIFA, Wednesday. — Captain Nakic Vojislav, 40, a port pilot, was drowned when he fell off a ship 500 metres outside the port at 7 a.m. today.

Captain Vojislav had taken the s.s. Rio Santiago out of the port and was going down a ship's gangway to return in his pilot launch when he was thrown into the water, apparently by the sudden impact of a strong wave.

It appears that he received a blow in his fall. He was pulled out of the water after a few minutes, still alive, but died on the way to Rambam Hospital. Captain Vojislav who came from Yugoslavia was unmarried and had worked in the port since last September.

President Given Grand Welcome On First Official Visit to Haifa

Jerusalem POST Bureau

HAIFA, Wednesday. — The President and Mrs. Ben-Zvi paid their first official visit to Haifa today, and residents proved equal to the occasion with their welcome.

At 10.45 a.m. the Mayor, Mr. Abba Khoushy, members of the town administration and Haifa's noted writers, David Pinsky and S. Shalom, greeted the Presidential party at a specially-erected arc of green foliage near the David *ma'bara*, outside the town. Along the route into the city, at each *ma'bara* and at the Histadrut housing project, school children lined the highway and cheered the visitors. As the Presidential car drove into the lower town, both sides of the road were thronged with thousands of flag-waving school children and residents.

At Barclays Bank the President and Mrs. Ben-Zvi left their car and walked through the cheering crowds, which were controlled by white-sleeved school prefects. The President waved his hat in acknowledgement of the cheers and at the Port the Presidential couple again resumed their seats in the car.

The convoy drove on into the Haifa Bay industrial area, to visit the Histadrut enterprises there. The visitors were shown the Phoenicia glass works, and the adjoining Vulcan foundries, where Mr. Ben-Zvi started a newly-completed foundry machine.

In the workers' canteen Mr. H. Dan, of the Solel Boneh management; Mr. Y. Almogi, secretary of the Labour Council and Mr. F. Levi of the Manufacturers' Association welcomed the guests. Mr. Levi regretted that the President would have no time to visit enterprises of the "private sector."

Mr. Ben-Zvi thanked his hosts for the grand reception they had extended. He was happy to see the ingathering of the exiles in a great enterprise of labour, and not in camps. The workers drank *lehayim* to the President, and Mr. Ben-Zvi drank "To the State."

The workers' committee presented the visitors with articles manufactured at the two plants, and also a tiny scale model of a cement mixer. The visit to the plant was marred by the inability of the Hapoel squads to control the workers, who crowded to catch the closest possible glimpse of the visitors. The Hapoel men held back members of the Presidential party, photographers and pressmen, two of whom were injured.

Reception arrangements at Town Hall broke down when the rear door through which invited guests were to be admitted was locked ten minutes before the time stated on the invitations. The Deputy Speaker of the Knesset, Mr. Y. Klebanoff, judges, religious dignitaries, members of the consular corps including the British Consul-General, representatives of non-Jewish communities and other prominent citizens, between 100 and 200 people in all, were kept waiting for 25 minutes until the reception ceremony in Town Hall Square was over. When the door was finally reopened, some of the guests had already turned away, and others found the reception full to capacity.

Liqueurs for the reception were presented by the Elias company here, which sent 200 bottles, each inscribed 'To the President's health.'

Tonight the President attended a gala concert of the Haifa Symphony Orchestra.

District Officer Freed Of Cement Charge

HAIFA, Wednesday. — Mr. S. Silberfarb, Haifa District Officer, was given "the benefit of the doubt" and on formal grounds was acquitted of a charge of selling cement at an inflated price by Dr. M. Landau in the District Court here today.

The State had charged that Mr. Silberfarb had a flat built on Mount Carmel in 1951 for IL.7,500 and had made an agreement with the contractor to get a IL.60 reduction for every ton of cement he would himself supply. This price was inflated, it was charged.

Three Other Charges

Dr. Landau said that it had been undoubtedly proved that Silberfarb had used cement officially allocated for his own flat to complete the whole building. However, as the State had charged that he had sold 15 tons of cement which he had brought from Nesher allegedly illegally, he enjoyed the benefit of the doubt because he might have taken the inflated price for the cement he had officially received.

Mr. Silberfarb will now stand trial on three charges of illegally buying cement from Nesher. The hearing has been postponed until the High Court decides on Nesher's appeal against the Haifa Court's conviction for illegally selling cement to Silberfarb.

18 Unruly Jobless Held in Haifa Bay

HAIFA, Wednesday. — Some 220 unemployed from Ir Hamifratz near here demonstrated outside the General Labour Exchange here today.

The men forced their way into the Exchange, beat the secretary, broke the furniture and telephone, attacked police who were called to the scene, and were subdued only when police reinforcements arrived. Eighteen men were detained.

Today, 26 workers were dismissed from the Rubber and Plastic Ltd. factory here. A fortnight ago, 24 workers were dismissed there and 160 workers now remain. It is reported that 26,000 pairs of rubber boots and shoes have lately been imported by Hamashbir Hamerkazi and Avnaal. This quantity would have supplied three month's work for the factory which is now in danger of complete closure. The workers decided to demonstrate outside the Labour Council and the Hamashbir offices tomorrow.

Youth Called on To Attend Farm Schools

An "Agricultural Education Month," a nation-wide programme to influence graduates of elementary schools to enter agricultural high schools and to take up life on farms, was announced last night in a Kol Yisrael broadcast by Mr. Peretz Naphtali, Minister of Agriculture, and Professor Ben Zion Dinur, Minister of Education and Culture.

Mr. Naphtali stressed the need to increase agricultural output which at present is far from meeting the country's needs. Augmented production is dependent on many factors, he said, but first and foremost was manpower. Only 13 per cent of the population lives off the land — a small figure compared to even highly-industrial countries — and this must be increased to at least 20 to 25 per cent. He called upon the country's youth to enter the country's 24 agricultural schools which this year served 800 students in addition to Youth Aliya wards.

One Day Visits

Professor Dinur said that the agricultural indoctrination programme calls for the more than 8,000 graduating elementary students to pay one-day visits to the country's farm schools. The groups, which will travel in buses, will be supervised by their own teachers.

In addition to the tours, frequent conferences are to take place between the principals, the eighth grade teachers, Professor Dinur and Mr. Naphtali. The first conference, which is to take place this afternoon in Tel Aviv, will also be attended by the Deputy Minister of Agriculture, Mr. Yosef Efrati, and the Deputy Director-General of the Ministry of Education and Culture, Mr. A. Arnon.

Some J'lem Teachers To Strike Today

Teachers in Jerusalem's public kindergartens and evening schools are due to go out on strike today for non-payment of the January salary, the Teachers Union reported yesterday.

Mayor Y. Kariv handed the Union sufficient funds to pay only elementary school teachers, but promised to provide money today to pay the kindergarten teachers and to pay the evening school teachers on Sunday.

But the Union decided to call the strike since the existing agreement with the city provides for an automatic walkout if salaries are not paid by the twelth of the month.

TIRAT HACARMEL VOTES MAPAI

HAIFA, Wednesday. — Mapai, with 889 votes, polled the largest ballot in Local Council elections in Tirat Hacarmel yesterday.

Mapai received four mandates to the nine-man Council; General Zionists, two; Religious, two; and Herut, one. The Progressives, Mapam, Communists and Le'ahdut Ha'avoda, all failed to receive a mandate.

About 70 per cent (2,300) of the total eligible voters cast their ballots.

ATOM. — Mr. Gordon Dean, Chairman of the American Atomic Energy Commission, announced yesterday that he intended to resign on June 30, when his term expires.

Makleff on Border Deterioration

LONDON, February 6.—The border situation has grown much worse during the past four months, Rav-Aluf Makleff, Chief of the Israel General Staff, told "The Times" correspondent in Tel Aviv. In an interview published today he said "the deterioration has not been of a military nature." Border clashes, which had developed alarmingly, had been, in the main, between armed Arab bands of marauders, accompanied in many cases by members of the National Guard—a volunteer frontier service raised in Jordan—and Israel settlers, police units, and border patrols.

There had been occasional engagements between groups of Israel soldiers and men of the Arab Legion, but on the whole it was the absence of the Legion, or of any other disciplined force charged to keep order, which had made possible the organized and constant incursions of marauders and irregulars.

Bad for Both

"It is a bad, irrationally drawn frontier, never meant to last," Rav-Aluf Makleff declared. "It is bad for us and bad for Jordan, and involves unnecessary hardship for many of the settled Arab communities along the frontier whose villages are severed from their lands, and who make common cause with the refugees. These Palestine Arabs have been left against the frontier with little to do but sulk and form themselves into marauding bands, and have been encouraged in this by the authorities in the area, most of whom are Palestinians and feel no loyalty towards the Government in Amman."

The Chief of Staff produced charts showing a monthly average of 98 acts of banditry, involving heavy losses of cattle, irrigation pipes, electric wiring, and other equipment. Eight hundred head of cattle were stolen last year from frontier settlements and, according to information received in Jerusalem, had been sold openly in Hebron and Nablus. Stolen equipment was being sold as far away as Alexandria.

Official Connivance

Rav-Aluf Makleff said there was evidence of official connivance, and even complicity, in well organized and heavily armed forays, and in such acts of sabotage as mining railway tracks and roads. This made it very difficult for the machinery of the Mixed Armistice Commission to work effectively.

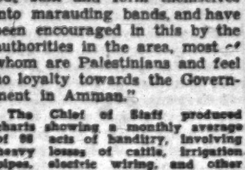
The roots of the trouble were the grotesque nature of the frontier itself; the presence of large and discontented Arab refugee communities, and the irresponsibility of the Arabs' National Guard, which was not subject to proper control and which conceived its purpose as one of creating tension rather than of preventing it. Jordan, he asserted, had exploited mistakes in the armistice agreement to the limit.

Volunteers to Enforce Sabbath Ruled Out

The Jerusalem Religious Affairs Committee has been informed that it could not authorize the use of "volunteers" to enforce the Sabbath ordinance providing for the closing and opening of business establishments on Friday and Saturday, it was reported yesterday.

Committee members, all of whom are members of orthodox parties, had heard a complaint that there was an insufficient number of city inspectors to enforce the law, and had studied the possibility of enrolling volunteers from the ranks of their parties.

The Chief Inspector's Office notified the committee that unauthorized persons could not be used, but that they could inform the Office of any violations.



If in Jerusalem stay at the Orgil

Centrally located at a quiet corner.

Beautifully furnished single and double rooms.

Central heating.

Telephone in each room.

ORGIL אורגיל

Rehov Hillel, Jerusalem. P.O.B. 168. Tel. 61816

Knesset Refuses To Be Dragged Into Debate on Transmitter

By Sraya Shapiro, POST Parliamentary Correspondent

The Knesset yesterday refused to be dragged into a debate on the allegedly irregular investigation by the police in the "Case of Ya'ari's Secret Transmitter." The motion to put the question on the agenda was introduced by Mr. H. Rubin (Mapam) and supported by Mr. M. Wilner (Communist).

The Minister of Police, Mr. B. Shitreet, told the House that if asked to do so he would lay all available information on the investigation before the Interior Committee. The investigation, Mr. Shitreet said, had been conducted against two persons accused of "attempted housebreaking" into the premises of Kibbutz Artzi in Tel Aviv last month. The police had no official knowledge of the radio transmitter allegedly found in Mr. Ya'ari's desk there because it had not been reported to the police.

According to Mr. Rubin, the transmitter was removed by Hashomer Hatzair experts a few days before the "attempted housebreaking" occurred and a soap case substituted. The two policemen who came to fetch the suspects were accompanied by a man in mufti and when they had gone the soap case had gone too. Mr. Rubin said further that the suspects had been in possession of forged identity cards and that the identity of the person who had stood bail for them in the Magistrate's Court was fictitious.

"It appears that you have your own investigation branch," Mr. Shitreet remarked. "When the suspects are brought to trial everybody will be able to see who they are," the Minister said, adding that the person who stood bail was a merchant recommended by a lawyer known to the court.

The real issue in the discussion, however, came out not in the declarations from the floor so much as in the heckling from all the Opposition benches, with occasional support from members of the coalition. Mr. H. Landau (Herut) explicitly and Mr. A. Zisling (Mapam) in a more roundabout way, charged the Government with maintaining a secret service to provide information about political parties and their leaders.

Herut Charge

Three years ago Herut made a similar charge which was officially denied. Yesterday Mapam's hecklers seemed to be suggesting that the transmitter had been placed in Mr. Ya'ari's desk by agents of such a secret service, that this service was in direct succession to the "Intelligence Service" of Hagana days, and that it was more the affair of the Minister of Defence than of the Minister of Police.

For his part, Mr. Vilner was sure that eavesdropping on private societies was being done on the Americans' behalf. He painted a very grim picture of a police state in which democratic freedoms were being trodden on. He called the state "Israel".

Mr. Rustum Bastuni, Dr. M. Sneh's Arab follower, and Mr. S. Lorencz (Agudat Israel), who had an unfortunate experience himself in Jalame detention camp after an alleged attempted putsch two years ago, were both for transferring the matter to committee.

The General Zionists were divided. Some felt that matters of security, whether external or internal, should not be publicly discussed and left the House before the vote was taken. Others, though they would not support a motion introduced by the Left to embarrass the Government, felt that the Knesset could not pass over the fact that Mr. Ya'ari was a Knesset Member. They thought a Knesset committee should be informed of what was purported to be a breach of Mr. Ya'ari's parliamentary immunity.

No General Zionist took the floor and their faction was divided at the vote. The Progressive Members also split. The extreme Left and Herut factions voted solidly.

Mapam Revival

Mapam's attack yesterday was markedly stronger than at any other appearance of the party in the past few months. It followed a vigorous bid by the party to reassert itself the previous day when Mr. M. Bentov informed the House of the party's intention to move a vote of non-confidence in the Government. This new burst of energy is believed to indicate that Mapam feels itself freer of the internal troubles which led up to Dr. Sneh's expulsion from the party.

However, Mapam was overtaken in its anxiety to express its mistrust in the Government by the Communists who introduced a non-confidence motion on Tuesday night, following the bomb outrage at the Soviet Legation. This motion will be put before the Knesset as soon at the House reconvenes on Monday, the Deputy Speaker, Mr. Z. Sheffer, announced yesterday. On that day the House Committee will hold a special session to rule on the two motions by the left-wing parties to debate the Legation affair.

The Committee was to rule on it yesterday, but its chairman, Mr. D. Bar-Rav-Hai, cancelled the meeting because — he said — he thought Mr. Wilner's non-confidence motion automatically cancelled the motions for debate. Mr. Sheffer said that the Committee chairman, whatever his reasons, could not overrule the express instructions of the Speaker.

A motion by Mrs. E. Raziel-Naor (Herut), who wanted to know if the illustrated police magazine "999" was serving an educational purpose, was referred to a committee. Mr. Shitreet said that the magazine, which appeared for the first time last week, was intended for foster in the population, especially in the younger generation, a spirit of cooperation with the police in their efforts to eradicate crime.

THE ISRAEL PHILHARMONIC ORCHESTRA

Subscription Concert No. 5

TEL AVIV: TONIGHT — SERIES 4

Special Concert

Tel Aviv: Saturday, Feb. 14, Ohel-Shem at 8.30 p.m.

Conductor: WALTER SUSSKIND

Soloist: Rivka Burstein-Arher (Piano)

U.S. College Society Aryanism Attacked

BOSTON, Wednesday (UP). — The Massachusetts State Legislature was asked yesterday to "applaud" the Williams College chapter of the Phi Delta Theta fraternity which was suspended by the national fraternity for accepting a Jewish member.

A resolution to this effect, proposed by Representative Richard Caples, (Democrat, Boston) was referred to the Rules Committee.

The local chapter had been suspended for breaking a clause in the fraternity's constitution which limits membership to "men of white and full Aryan blood."

Meanwhile, the President of Williams College, Mr. James Baxter, said that the official policy of the College was that each student should receive whatever recognition in offices and fraternities which he merits as an individual.

The American Jewish Committee praised the "highest tradition of Americanism" shown by the chapter in refusing to conform to "the unjustified archaic policy of their national organization."

Henshel Reelected Head Of U.S. Sports Body for Israel

NEW YORK, Wednesday (AP). — Colonel Harry D. Henshel has been re-elected Chairman of the U.S. Committee for Sports in Israel.

The group is a sponsoring organization for the U.S. teams to participate in the Fourth Maccabiah Games in Israel from September 20 to 29.

Col. Henshel appointed Mr. Harold O. Zimann as Chairman of the Committee to select a squad of 100 athletes.

INDIA. — The Indian parliament began discussion yesterday of a bill to nationalise the country's airlines.

SACRILEGE. — Indiana police were yesterday investigating the overturning of seven tombstones in the cemetery of the Indianapolis Hebrew Congregation.

N. ZUCKER

Economic and Financial Advisor

81 Ha'atzmauth Road, Haifa. Tel. 08086 10-12.30 p.m.

- SECURITIES
- CREDITS
- MORTGAGES

RESTITUTION in Germany (blocked Marks, etc.)

Cables in Brief

BANK. — Eugene Black, President of the International Bank, conferred with President Eisenhower on Tuesday on his plans to visit Egypt, Ethiopia, Iraq, Jordan, the Lebanon, Syria and Turkey in the near future.

AMNESTY. — The Vietnam Government yesterday freed 200 political prisoners, 20 of them women, in honour of the Indo-China new year.

JORDAN. — Tewfik Abu'l Huda, Jordan premier, is leaving Amman today for a fortnight's leave in Beirut. Said el Mufti, deputy premier, is replacing him.

WFDY. — Youth organizations in Austria, Britain, Burma, France, Iceland, Jamaica and Nepal have been accepted as members of the World Federation of Democratic Youth, Prague Radio has announced.

TUGS. — Tugboat crews were ordered back to work in New York yesterday, ending the ten-day strike which had been hampering port activities.

EXPORTS. — American exports would be insured against the risk of non-payment because of currency restrictions, by a bill introduced into Congress on Tuesday by Senator James Murray (Democrat, Montana).

CUBA. — The Jewish community of Cuba have decided to plant a forest in Israel in the name of Jose Marti, Spanish-born liberator of Cuba, the centenary of whose birth is now being celebrated in South America.

HEALTH. — The World Health Organization, the American Technical Cooperation Administration (Point Four) and the American Public Health Service are holding a conference in Geneva on international public health problems.

COTTON. — Japan has approved plans to import 2,500 bales of Egyptian cotton through Sweden. The triangular service in dollars will be about six per cent cheaper than buying direct from Egypt with sterling. Sweden is obtaining Egyptian cotton in exchange for wood pulp and machinery.

THE MORTGAGE AND SAVINGS BANK LTD., TEL AVIV

A SUBSIDIARY OF THE PALESTINE ECONOMIC CORPORATION

BALANCE SHEET (Adjusted to the nearest Pound) AS AT DECEMBER 31, 1952

(To be presented to the Annual General Meeting)

	IL.	IL.
OWN CAPITAL:		
Share Capital — Authorized, Issued and Fully Paid — 200,000 Ordinary Shares of £1 each = £200,000		200,000
General Reserve		25,000
Special Reserve		1,342
Profit and Loss Appropriation Account		4,747
		231,089
5% DEBENTURES — Secured by Floating Charges on part of the Assets of the Bank:		
Principal IL.330,570		
Interest Accrued 11,318		
	341,888	
RECEIPTS ON ACCOUNT OF DEBENTURES TO BE ISSUED	161,000	
		502,888
MEDIUM TERM LIABILITIES:		
Fixed Term Deposits	49,297	
Loans from Banks (including a Loan of IL.24,800 secured by Mortgages aggregating IL.26,340)	64,625	
Employees' Provident Funds (for the Bank and Affiliated Companies)	10,674	
		123,596
CURRENT LIABILITIES AND PROVISIONS:		
Short Term Loans	130,230	
Short Term and Current Deposits	67,068	
Savings Accounts	258,618	
Creditors and Credit Balances	167,911	
Provisions	48,600	
		680,415
		1,517,988
FUNDS MANAGED BY THE BANK — Receipts applied to Investments	329,987	
PRINCIPALS — for Mortgage Loans, Other Loans, Bills, etc. — to be collected for their Account	79,342	
		409,329

Notes: 1. There are Guarantees assumed by the Bank amounting to IL. 8,455.

	IL.	IL.
CURRENT ASSETS:		
Cash on Hand, in Banks and with Credit Societies		190,410
Bills Discounted		9,780
Debtors and Debit Balances		95,563
Building Materials — at Cost	24,956	
Advance to Supplier — for Building Materials	5,919	
		30,875
Government Bonds, etc. — at Cost		17,587
		344,215
LOANS:		
Loans secured by Mortgages:		
On Short and Medium Terms (of these — Mortgages aggregating IL. 26,340 Pledged to secure Loan received)	91,063	
On Long Terms	732,542	
Total Loans secured by Mortgages	823,605	
Mortgages in security of Loans aggregating IL.354,540 have not been registered as yet.		
Other Loans Receivable	347,323	
		1,170,928
OFFICE FURNITURE, MOTOR CAR, Etc. — at Cost less Depreciation		2,845
		1,517,988
FUNDS MANAGED BY THE BANK — Investments, etc. on behalf of Principals	329,987	
MORTGAGE LOANS, OTHER LOANS, BILLS, ETC. — for Collection	79,342	
		409,329
		IL.1,927,317

Dr. F.S. NEUMAN
Dr. H. GRUENBAUM *Directors*

AUDITORS' REPORT

WE HAVE EXAMINED the Balance Sheet of The Mortgage and Savings Bank, Ltd., as at December 31, 1952 and the related Statement of Income and Profit & Loss for the year ended on that date. We have obtained all the information and explanations which were required for the purpose of our examination. In our opinion, proper books of account have been kept, so far as it appears from our examination of those books, and the Balance Sheet and Statement of Income and Profit & Loss were drawn up in accordance therewith.

Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and the related Statement of Income and Profit & Loss present fairly the financial position of The Mortgage and Savings Bank, Ltd. as at December 31, 1952 and the results of its operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

KESSELMAN & KESSELMAN
CERTIFIED ACCOUNTANTS
AUDITORS

Tel Aviv, January 28, 1953

Personal Notices

THE COLLEAGUES OF

Captain Nakic Vojislav

PILOT IN HAIFA PORT

are sorry to announce his tragic death while fulfilling his duty and hereby express their deep felt sympathy to his bereaved family abroad.

HIS COLLEAGUES OF THE MARINE DEPARTMENT

Members of the Israel Masters' and Chief Engineers' Association express deep sorrow at the death of our colleague

Captain Nakic Vojislav

PILOT IN HAIFA PORT

who died in tragic circumstances while performing his duty. We also express our deep sympathy to his family abroad.

THE JERUSALEM
POST

Founded as the Palestine Post in 1932. Published daily, except Saturday, in Jerusalem by the Palestine Post Ltd. Registered as the G.P.O.
Founder and Editor
Gershon Agron
Managing Editor: Ted R. Lurie

Editorial Office & Management
JERUSALEM, Beken Hovevedeh, P.O.B. 81. Tel. 4795 (4 lines).
TEL AVIV Bureau: 42 Hahlai Benyamin, P.O.B. 1125. Tel. 4251/3 (2 lines).
HAIFA, 1 Khayat St., P.O.B. 18. Tel. 4794 (2 lines).
Subscriptions Inland IL.36.400 Foreign IL.37 per year.
The right is reserved to make changes in the wording of advertisements or to postpone insertions when space is not available.

Thursday, February 12, 1953
Sh'vat 27, 5713.—Jumada al-ula 28 1372

A STORM blew up in the Knesset yesterday over the alleged discovery a fortnight ago of a microphone planted in the desk of Mr. Meir Ya'ari, Member of the Knesset and leader of Mapam. Two youths were apprehended by watchmen who had obviously been placed in ambush. They were interrogated for several hours before the police were summoned and they were handed over and charged with housebreaking. One of the men was alleged to have confessed to his captors — but not to the police — that he was "sent by Mapai." The microphone was not produced to the police. Mapai immediately countered the Mapam charge by stating that no such persons as those named appeared on any of their lists.

MAPAM MICROPHONE

Yesterday the matter was raised in the Knesset and a noisy free-for-all resulted with the Herut finding themselves strangely linked with the Mapam and the Communists in an attack on the Government. The allegation made was that there existed some kind of Government intelligence service which spied upon political parties and their leaders. It was stated, too, that the incident was a breach of Mr. Ya'ari's parliamentary immunity, and it was also suggested that the Government ought to have found out about the bomb attempt on the Soviet Legation on Monday and have taken steps to prevent it.

It is difficult to see how the Government can be accused at one and the same time both of having an intelligence service which exercises some sort of surveillance over political bodies and of not having one. If it is the Government's duty to keep an eye on anti-Communist bodies, would there not be some justification for their doing so on a group, sections of which had shown so much partiality for the Soviet Bloc at a time when its attitude towards Israel was so markedly critical and when there was so much tension in general in its relations to this country?

The serious issue at stake is one of civil liberties in the strictest sense of the word. In a free state men and women must be quite free to meet and argue, to debate, to plan even orderly constitutional opposition to the Government if they feel so inclined. What is more important, they must feel free to do so. The fear of wire tapping, informers, secret dictaphones or radio transmitters is the enemy of such freedom and their presence is the sure harbinger of the police state. That people's fears on these things have been sharpened is in no small measure due to the tension existing in international affairs, the growth of totalitarianism and the unfortunate prevalence even in some democracies, of witch-hunting and slander campaigns coupled with a growth of government probing into the private lives of citizens going about their perfectly normal and innocent affairs. The new MacCarren Act which came into force in the United States only a few weeks ago is an indication of how the tensions which produce these fears can also create the very machinery which justifies them retrospectively.

All this being so, there are a number of curious lacunae in the case the Mapam and their temporary allies in the Knesset have tried to make out against the Government. There is a mood of violence and irresponsibility abroad in Israel today which reflects in its own minor measure the growing lawlessness in the world at large; the belittling of international agreements, as expressed in the reaction of Glubb Pasha of Trans-Jordan to cases of marauding and armed robbery across Israel's borders which he admits and yet quite unethically justifies.

All these things must make governments very vigilant in their efforts not merely to punish such manifestations of violence when they actually occur but seek by reasonable means to anticipate them before they actually mature. If this be true as far as internal affairs are concerned how much more must it apply when the safety of the nation is involved. The citizens of this country will never countenance the methods of a police state, nor will they readily be led to believe that their Government resorts to such methods. But neither will they condemn the most rigorous action in defence of what are, in the final analysis, the liberties of all the citizens.

MAGNIFICENT RESPONSE OF A GALLANT NATION

Holland's Worst Flood in History

By HENRIETTE BOAS
POST Correspondent

AMSTERDAM. — LIVING in Holland today is like living in England at the time of Dunkirk, or in Israel during the War of Liberation. These are days of intense anxiety which bring out all the best qualities of men. An area of 175,000 hectares of fertile Dutch soil has been temporarily lost, some 300,000 persons have suffered considerable loss of property. The total number of those affected is about one million.

But the response of the rest of the population continues to be beyond any praise. The Netherlands Red Cross has issued a request not to send any more clothing for the present; only blankets and mattresses are still in short supply. The National Disaster Fund in the first week received a total of seven million guilders. Of many large organizations, the employees have given a day's wages and the management has doubled the sum. Also the assistance organized by other countries — Sweden, Switzerland, South Africa, Canada, Italy, has been fantastic.

Radio Appeals

Listening to the radio gives the same weird feeling as in the fateful days of May 10 to 15 1940, when Holland was invaded by the Germans. One mayor makes a frantic appeal for rubber boats, to evacuate the population, another requests only some tens of thousands of sand bags to try to ditch the dykes; appeals are made for a vessel with drinking water, for tetanus vaccine, for storm lamps, for a radio transmitter. Names are heard of villages where the situation improves a little or where the population must be evacuated. And suddenly, after 24 or 36 hours, names of other villages where the situation has become dangerous only now as the floods are pushing farther and farther inland. It has been decided to evacuate some of the larger places on the islands, such as the picturesque 16th century townlet of Zierikzee, with 7,000 inhabitants, and Brouwershaven, though the situation is no longer hopeless there. People who only a few days ago lived through hours of supreme anguish, leave their homes with the utmost reluctance. The evacuees are first transported — by landing craft and patrol vessels — to reception centres in Rotterdam, or Utrecht (where the vast halls of the Annual Trade Fair are waiting for them) and other large towns, and from there are directed to more permanent homes in the country. The Queen has given her summer residence, Het Loo.

Though the disaster came as a complete surprise (since the year 1825 only two serious floods had taken place, in 1916 and 1926, and both far more limited in area) a full-fledged organization was set operating within 24 hours. Every Government Department had been given its task, and a National Disaster Fund established. Volunteers for rescue operations in the flooded areas were overwhelming, including experts, such as doctors, farmhands to milk the evacuated cattle, and others. Despite the most severe housing shortage in the Netherlands the willingness to accept evacuees is also remarkable; some towns and villages in other parts of the country have even spontaneously 'adopted' whole evacuated villages.

Royal Visits

The areas were also visited by Queen Juliana, Prnice Bernhard, who had only the previous day left for New York to represent Holland at the 300th anniversary of New York-New Amsterdam has returned. Most admirable is the 72-year-old ex-Queen Wilhelmina, the Queen mother, who has been visiting the districts of Zealand and remained there all week.

Many offers were received from abroad, and the Netherlands Government accepted the help of some battalions of American, British and Canadian troops in West Germany, and of Belgian and French troops, mainly sappers and specialists, whose equipment and amphibious tanks were most helpful. An offer from the West German Government was not accepted.

A very notable part was played by Navy helicopters, Dutch, American, British and Belgian, which picked up many hundreds, in two's and three's from rooftops, attics, trees and dykes. An airlift of 150 aircraft was in operation (also for reconnoitring flights and dropping food and drinking water, fodder, medicine, blankets, rubber boats and sand bags.) There were also thousands of vessels, coasters, motorboats, marine craft, private yachts and fishing boats. Practically the whole Dutch fishing fleet, from every part of the country, came to the rescue, often abandoning their entire catch. As at Dunkirk in June 1940, the summer pleasure steamers were also mobilized.

The disaster came as a particularly heavy blow as only recently had Holland begun to recover from the vast damage caused by the war. Just last week it announced to the United States that it no longer needed economic aid.

Struggle and Emerge

It was a most severe blow also for the province of Zealand which during the war suffered the most damage. Owing to its strategic importance opposite the coast of England, some of its islands were artificially flooded by the Germans who blew up the dykes, and the soil, spoilt by salt water, was unculitivable for several years. During the first days of the war, some of its towns, such as Middleburg, were heavily bombarded by the Germans, and have only recently been rebuilt. A large part of the population, was forcibly evacuated to other parts of the country during the latter years of the war. The inhabitants of Zealand (a stock by themselves, dour and very strongly religious Calvinists) are, however, not overcome by this new disaster. The coat of arms of their province contains the words: "Luctor et emergo" — I struggle and emerge (from the sea). And so they will again.

The Premier, Dr. Drees, and the Vice-Premier, Dr. Beel, in their first survey of the disaster and of the measures that are being taken listed three categories of measures: rescue, relief, and rehabilitation. The Government is already working out detailed blueprints, both for compensation to the victims and for overall rehabilitation. While for rescue and relief an appeal is made to the population, rehabilitation will be the responsibility of the Treasury.

Record Level

During a flight over the inundated areas for diplomatic representatives of 40 countries, a Government spokesman stated that this time the water had risen higher than ever in recorded history and would make it necessary, not only to repair the existing dykes, but to build them much higher than hitherto and to revise the whole system. The existing dykes could be repaired by this summer after which it would take another month or two for the inundated lands to dry. These operations could be carried out today with much greater speed than in 1945, as more and better equipment is available.

Flood scene on the English coast above is typical of the tragic vistas along both sides of the North Sea after last week's storms. Express Photo

KEEPING POSTED

THEY say there is a new Yiddish curse nowadays to replace the old one "You should burn," and it is "You should look for a house in Jaffa in the dark." In place of street names, Jaffa has numbers that go right up into the hundreds, but they don't run consecutively, and in many places they are not written in numerals but in the characters usually used for

the ordinals in Hebrew, which a great many people find confusing. If you ask passersby you discover as often as not that they don't go by the numbers at all but cling to the old Arabic names and can't help you because you don't know what 182nd street was called in the old days or, quite possibly, you cannot find a common language. We received the best piece of advice from a man who said Jaffa was no place to be poking around at night anyhow, we should come again the next day and try by day-light.

*

IN the course of our search on this particular occasion we found ourselves unexpectedly on the exposed outskirts of Jaffa, where people shrank into corners to escape a howling gale that shot stinging sprays of sand rather like the sand-blast used to clean statues in smoky cities—over the edge of the dunes and piled it across the roads like sand-drifts. Within minutes we watched a neat little new road with small trees planted along a raised embankment, turned into a sandy wilderness like pictures of the first settlement in Rishon leZion. Our researches were further hindered by the fact that the street lights blinked off and on continuously. This point, at least, we were able to clear up, when we reached the point where two torn lines had become entangled and gave off long vicious blue flashes every time the wind made a contact. We found the place we had been looking for, and two hours later it was raining peacefully in Jaffa: and we found we had missed a bomb in Tel Aviv.

*

A correspondent writes that she was travelling on a bus from Tel Aviv to Rishon leZion. It was very crowded, as usual, but after a while she and another woman happened to get seats together. The minute they sat down her neighbour said "What a peculiar smell! The way they go neglect these buses. Scandalous!" Our correspondent agreed and they tried to open the window. The people behind objected. They said they couldn't smell anything, anyway. Quite a lively row developed, which was just about round to everybody's origins and political affiliations by the time they got to Rishon leZion. Our correspondent left the bus and went home, putting her shopping bag on the table in the kitchen, and going into the bedroom. When she went back into the kitchen, there was the peculiar smell again that had caused all the trouble. Carefully she unpacked the bag, sniffing as she went, and found that the offensive item was a packet of soft cheese, with an expensively and properly pungent smell.

*

WHILE on the matter of food we should like to note that the British Government has agreed to supply whole oxen for roasting for the coming coronation celebrations, this being as essential, if more extravagant, as matza-balls at Passover. Any Town Council or other "responsible body" will be allowed one ox to roast on condition that the cooked meat is given away free to those at the festivity. Side by side with this colourful gesture, the mathematicians of the Ministry of Food have increased the sugar ration for hotel breakfasts from one-eighth of an ounce per person to three-eighths, to cater for the sweet tooth of the many American visitors who are expected. It seems to us a happy combination of the grandeur of conception of the first Elizabeth, combined with the careful attention to detail that has become necessary in the days of the second Elizabeth.

*

OUR favourite character among the hundred thousands of street vendors who have made their appearance in Tel Aviv lately is the back-to-nature character who haunts Lilienblum Street and vicinity. His hair and beard have apparently never been trimmed, and certainly not combed in many months. His clothes are grubby and haphazard and held together with string and pins rather than buttons; on

fine days he goes barefoot and in wet weather wears an elaborate pair of felt boots. The general impression is that while he is obviously no millionaire, it is all a matter of *sheltan-schauung* as much as poverty. He carries a tray of soap and combs for sale.

This week's contributors include: G. S. Rishon leZion.

AMUSING
VIBRATING
LIVELY
l'Echo d'Israel
ILLUSTRE
A Weekly Newspaper appearing Thursday
Israel and International news in text and pictures
COMPETITION
WITH PRIZES

Atid
THE ISRAEL NEWS WEEKLY (in German)
Appearing Today
A rich selection of interesting articles.
8 PAGES PRICE: 125 PRUTA
Available at all kiosks

BETTER QUALITY
THAN YOU HAVE BEEN ABLE TO GET FOR YEARS
BETTER TAILORING
THAN WE COULD SUPPLY IN TIMES OF CONTROLLED PRICES
LARGER SELECTION
THAN YOU HAVE SEEN IN OUR 8 SHOPS FOR A LONG TIME
LOWER PRICES
TO INCREASE OUR TURNOVER
OBG
THE HOUSE OF MEN'S CLOTHING AND OUTFITTING
JERUSALEM: Jaffa Rd., Generali Building
TEL AVIV: 43 Allenby Road
39 Rehov Nahlat Benyamin
HAIFA: Hadar, 28 Rehov Herzl
New Business Centre, Savoy Bldg.
Palace & Yousef Adw.

Behind the Middle East News — *By Achimoel*

Italy Seeks U.S. Support in M.E.

THE recent visit of Signor Randolfo Pacciardi, the Italian Defence Minsiter, to Cairo has been attacked by the "Manchester Guardian" as a U.S inspired attempt to interfere with Anglo-Egyptian negotiations. As this was the first official Italian appearance on the Middle Eastern scene since World War II, its timing and purpose have aroused much interest.

It seems clear that de Gasperi needed a spetacular move to correct the balance sheet of Italy's Mediterranean policy. Despite his excellent prestige in Greece, he could not prevent the conclusion of an alliance between Greece, Turkey and Yugoslavia on his recent visit to Papagos in Athens. His pleas that the Communist leopard in Yugoslavia had not changed its spots carried no weight against the necessities resulting from the threat of a Russian attack through Bulgaria. Tito has been accepted into the Western defence system — though not via NATO — without a single political concession. On the southern flank, Greece has staked a claim to admission into the Middle East Defence Organization. Italy has therefore been trammelled by the extension of her partners in the Eastern Mediterranean — not an enviable fate. Elections in May will decide the permanence of de Gasperi's coalition of Christian Democrats and Republicans (Signor Pacciardi's party), or alternatively a coalition with the neo-Fascists or a Nenni-Communist combination with five years to do their worst. The despatch of Pacciardi and an impressive military mission to Egypt two months before the elections was no coincidence.

Offer to Mediate

Italo-Egyptian relations have been fluid since the world war which Cairo had finally joined in order to share in the spoils. Egypt was in the forefront of anti-Italian persecution from Tunisia to Greece. During the first years after the war, Italy collaborated with Britain and France over Africa. This policy ended with the abortive Bevin-Sforza agreement on Libya, after which Arab cooperation was sought for African plans. Haki Bey, then Egyptian Minister in Rome, cashed in on this trend and was able to conclude a very profitable war reparations agreement. Nevertheless, a bid by Azzam Pasha for Italian participation in a "Mediterranean Pact" was cold-shouldered (partly because of the low credit that attached to an alliance with Egypt after the Palestine defeat). Italy's wish to assume a major role in Mediterranean politics was first revealed by de Gasperi's offer to mediate in the Anglo-Egyptian conflict after the abrogation of the treaty with Britain. The offer was echoed by the Italian Foreign Ministry but not by the Egyptians for whom it was a case of "all or nothing."

Acknowledging the declared Italian wish to "assert Italy's presence in the Eastern Mediterranean," the British are asking themselves what form this "assertion" is to take. De Gasperi aspires to the role of mediator: but with negotiations already going on, what need was there for a mediator? What was the point of a military mission when the two countries could not conceivably assist each other in the defence of the Suez Canal or the Appenines? And what was the aim of a "friendly" visit at a time when Nagib is staking his reputation on the expulsion of the last British soldier from Egyptian soil? All the threads seemed to lead to Washington.

U.K. Nervousness

The visit was not, in fact, arranged upon the receipt of "instructions" from Washington: the very suggestion revealed British nervousness. Even in Washington it was clear that Nagib was not acting from innate Anglophobia but that he was demanding the evacuation of the British because they happened to be there. Pacciardi's visit has released much British criticism of U.S. support for Nagib, American promises of arms supplies and of purchasing Egyptian cotton or any assistance whatsoever, beyond the scope of Anglo-Egyptian "negotiations" is taken to be a boost for Nagib's recalcitrance. American largesse towards Nagib was interpreted to imply that the British approach is not sufficiently resilient and broadminded.

The transfer of the U.S. Ambassador Loy Henderson (after his latest abortive efforts at mediation) from Teheran to Cairo has also strengthened the suggestion that the U.S. was dissatisfied or distrustful of British handling of their conflict with the Egyptians. From here to the conclusion that Italy's "mediation" (more partial to the American view) would be welcome in Washington, was but a short step. There is an intimation that de Gasperi and Pacciardi have been trying out this policy in the hope of winning American assent. After fighting in Spain against Franco, Pacciardi had immigrated to the U.S. and his pro-American views like those of Sforza have become the butt of neo-Fascist attacks.

Italian Anglophobia

De Gasperi has found it difficult to control Italian Anglophobia. It is an open secret that Italy hopes for U.S. support in her aspirations to re-enter into Middle Eastern and Red Sea affairs. She has been stalled many times by the British as in Jordan and Yemen, and amply supported by the Americans, as in Saudia and Abyssinia. Italy is perhaps the most eager recipient of every cent of American aid, of which she has made much better use than Greece. Eventually, the U.S. concept of the role of the Mediterranean as part of European defence appears more propitious to Italian aspirations than the separate strategy proposed by the British for this area and the Middle East. The British suspect that Italy is preparing her own entry into an area which they might eventually have to evacuate.

Rome has denied all such intentions and it is believed that Pacciadi saw the British Ambassador before his departure and gave him reassurances. This has not changed the impression that the Pacciardi mission contained a bid for American support for Italy's re-entry into the Middle East. So far the visit has served to underline Washington-London differences. What is necessary instead is the awakening of a spirit of social awareness and international responsibility in the countries of the Middle East. Here Italy is patently an important link.

PEN FRIENDS

A. B. Spencer, of 27 King St., Southport, Lancs., England, who is a match-box collector is prepared to exchange local match box labels from Israel for stamps.

*

A number of American stamp collectors have asked for addresses of persons in Israel interested in exchanging stamps. Please write to the Director of Philatelic Services, P.O.B. 37, Hakirya.

WANTED
American Car
New model preferably Chevrolet de Lux. AVNAL Shoe Comp. Ltd. Tel. 7138, P.O.B. 81, Ramat Gan.

TRAVEL BY ISRAEL'S NEW FLAGSHIP
s/s "YERUSHALAYIM"
(formerly s/s ARGENTINA)
FIRST TRANSATLANTIC SAILING
HAIFA—NEW YORK (End April)
Bookings by: ORIENTOURS
Manager: M. E. PERRY (Friedman), (25 years' experience)
JERUSALEM: Queen Mellanda's Way. Tel. 3665.
TEL AVIV: 8 Rehov Herzl. Tel. 8178.
OFFICIAL AGENTS RELIABLE SERVICE

PALES News Bulletin

PALES PRESS COMPANY LTD.

No. 1 — THURSDAY, FEBRUARY 12, 1953

THE highlight for every magazine reader in Israel this week is the January issue of HOLIDAY, "The World of the Kibbutz — A New mother fights passionately for a new, communal way of life."

★

THE public will be interested to learn that, beginning with the January issue, the American edition of THE READER'S DIGEST is being imported, instead of the U.K. edition. The January issue contains 168 pages, and no advertisements. Do not fail to read in this issue: "More Work with less Fatigue", "What People Don't Know About Sex" and many other interesting articles. The price of this magazine is 250 Pruta. Get your copy now as only a few copies are still available.

★

THE German language edition of the Reader's Digest, DAS BESTE AUS READER'S DIGEST, published in Vienna, is now available on the Israel market. The January issue is practically sold out. Anyone wishing to read "Toscanini Conducts the Ninth" should, therefore, get a copy today.

★

IF you have not bought NEWSWEEK yet, do so now, and read in the February 9 issue "How Good Is Chiang's Army?" (Special Report). The price of NEWSWEEK, sales of which are going up by leaps and bounds throughout the world, is only 300 Pruta per copy. It is air speeded to Israel from Paris.

★

WE are pleased to inform our customers that we shall be distributing The JEWISH CHRONICLE, beginning with the February 13 issue. We share the publisher's opinion expressed in their February 6 issue that this arrangement will result in a wider distribution of The Jewish Chronicle in Israel. Anyone wishing to be fully informed of Jewish world affairs should buy the leading Jewish weekly, THE JEWISH CHRONICLE, the selling price of which is 150 Pruta.

★

PALES PRESS CO. LTD. has been granted the sole distribution of "999", the official illustrated monthly magazine of the Israel Police Force. The first edition is sold out, but should you nevertheless succeed in buying a copy do not fail to read: "Why Fukaro is out of business:"

★

WHY is the SATURDAY EVENING POST America's No. 1 Weekly Magazine? Because each edition contains complete stories! In the December 27 issue you will find, amongst others, "Our Baby Was Born Blind" by Frank M. Stevenson, "What I Learned From The Russians" by Marguerite Higgins (The author, a celebrated female correspondent, was arrested by Reds with Tommy guns, her house bulgarized by Soviet agents, and her secretary kidnapped). Price: 240 Pruta.

★

WHAT happens to everybody — workers, teachers, farmers, artists, shopkeepers, clergymen — when Communists seize control of a Western Democracy like Czechoslovakia?
Read: ANATOMY OF A SATELLITE by Dana Adams Schmidt, Israel Correspondent of the New York Times. Price: IL.5.

★

IF COURTROOM, by Quentin Reynolds was too expensive to buy before, it can now be obtained at the low price of IL.1.400. The Hebrew edition of this book is a tremendous success, but those whose Hebrew is not good enough to read Hebrew books should buy a copy of the above American edition.

A large seclection of MODERN LIBRARY Books has just arrived.

WE are pleased to inform the public that we have been granted the sole distribution rights of ABRAMS' ART PORTFOLIOS (IL.1.500 each). Titles: Cezanne, Degas, El Greco, French Impressionists, Gaugin, Great Masterpieces, Italian Paintings, Modigliani, Picasso, Renoir, Rousult, Toulouse-Lautrec, Utrille, Van Gogh. These are due to arrive soon. Further announcements will follow.

★

ATTENTION! Russian language books published by The Chekhov Publishing House, New York, will be available in our shops shortly. Amongst these books you will find: ANTI-SEMITISM IN THE SOVIET UNION by Solomon M. Schwarz, THE ECONOMY OF THE SOVIET UNION by Prof. S. Prokopovich, THE JOURNEY TO THE COUNTRY ZE-KA by J. Margolin, and a selection of fiction including TO LIVE AS WE WISH by Mark Aldanov, SELECTED STORIES by Mikhail Zoshchenko, THE EARTHY RAINBOW by N. Teffi, etc. Further announcements will follow.

★

STOP PRESS: "THE GOD THAT FAILED" (the God of Communist ideology) will appear in a Hebrew edition published by PALES at the very low price of 500 Pruta, in about ten days.

Copies of the Bantam Book edition of "The God That Failed" are usually sold out immediately after arrival. The book tells you why people like Arthur Koestler, Ignazio Silone, Richard Wright, Andre Gide, Louis Fischer and Stephen Spender, ceased to be Communists.

serving the reading public

TOWARDS A BALANCED BUDGET

By Levi Eshkol
Minister of Finance

Until February 1952 the official rate of exchange of the Israel Pound was IL.1 = 2.80 dollars. It had become obvious very soon after the establishment of the State, and certainly after the first devaluation from the original rate of exchange of IP.1=4.002 dollars, that there was a great discrepancy between the official rate of exchange and the real purchasing power of the Israel Pound.

Most countries would no doubt have drawn the conclusion from such a discrepancy and devalued the currency by fixing a new rate of exchange. If such a devaluation would have involved changing the official parity by, say, 20 per cent, the operation could have been carried out without causing extreme difficulties to the ordinary life of the country. But as most observers agreed that a devaluation of something like 100 per cent—and most people thought even more—was necessary, it became clear that a devaluation of such dimensions, *if carried out at one stroke* would shake the economy to its foundations, produce severe shocks and rocket prices in such a manner as to bring us near the brink of economic disaster.

Graduated Devaluation

With this in mind, the late Mr. Eliezer Kaplan, as Minister of Finance, and his close collaborator Mr. David Horowitz, conceived the system of "three rates of exchange." They felt that an attempt should be made to stabilize the value of the Israel Pound at the rate of IL.1=1 dollar, but aimed at reaching this goal, not at one stroke, but gradually over a certain period. This policy of a "graduated" devaluation was indeed put into effect without creating serious disturbances and raised the average level of prices at a smaller rate than would not doubt have occurred if we had raised the level of prices by a sudden and complete devaluation.

The policy of the Government has been to adjust slowly the level of prices to the third rate. By different means, a number of products that were sold at the beginning of this period of the N.E.P. at the first and second rate of exchange, were raised in price so that today, *so far as the consumer is concerned*, most of the imported goods have been raised to the third rate of exchange. But I must add that, irrespective of what the future will bring, at this moment tens of millions of dollars of imported goods are still being sold to local importers at the first and second rate of exchange. As against this, some of the dollars which the State acquires are also acquired at the first and second rates of exchange.

Even so the number of dollars which we acquire at a "cheap" price is smaller than the number of dollars which we sell at the "cheap" price.

The introduction of the N.E.P. has undoubtedly had a beneficial effect on the economic structure of the country. In the past, many goods were sold in the home-market at a price which stood in no relation to either the prices of the same products in the world markets or in relation to locally manufactured products.

I quoted during the last debate in the Knesset some figures to prove that the number of minutes which a worker in this country has to work to acquire imported products, is still lower than the relevant figure for other countries. This policy led of course to a waste of resources in the sense that people who found certain products relatively cheap used them in an uneconomical manner.

But another, no less inimical effect of having an unrealistic rate of exchange has to be noted. The policy of a country like ours, which has a very adverse balance of payments, must be to encourage by all means the consumption of locally manufactured products at the expense of the consumption of imported products. Until February 1952 exactly the opposite was true. It had become more worth-while to consume imported products than locally manufactured goods, for imported goods, when sold at the nominal rate of exchange, contained products which were much cheaper than local ones.

The N.E.P. has to some extent corrected this distorted cost-structure and has given an additional fillip to home industry and agriculture.

Quite apart therefore from the effects upon the income of the Treasury, the N.E.P. has justified itself in correcting this distorted cost-structure and led therefore to a saving in foreign currency. Even so I believe there is still much we can do in furthering this process of "correcting" an obvious structural impediment to our economic independence.

Three Budgets

I

The N.E.P. changed to a considerable extent the workings of the Development Budget. Until something like 16 months ago, we financed the Development Budget largely by what is generally regarded an inflationary step—the issue of "Land-Bonds." The decision of the Government to cease the issue of the Land-Bonds (and of course also of new Treasury Bills for the Defence Budget) meant that the Government could finance expenditure only to the extent that it received non-inflationary income. We became therefore dependent to a large extent on the releases of the counterpart funds of the American aid, on the proceeds of the American Independence-Loan, etc.

Just as the Government decided not to finance expenditure in Israel Pounds by living "beyond its income," so also the Government decided not to increase its short-term obligations abroad and not to increase its short-term debts in foreign currency and, in fact, we hope to decrease them this year. This policy of austerity which has to some extent restored in foreign circles faith in the ability of the Treasury not to live "beyond its income" has of course left its imprint on the Development Budget. Clearly, most of the really worthwhile Development schemes can only be carried out when foreign currency is available to purchase raw materials and machinery.

And thirdly, the growth in unemployment has imposed new tasks on the Development Budget, for we are interested in utilizing the labour force which has been displaced in non-essential branches and services and temporarily displaced in industry by executing development projects.

II

In a way the N.E.P. has dealt a heavy blow to the ordinary Budget. Salaries of officials, nurses, teachers, policemen, soldiers, etc., have all risen as a result of the raising of the price-level. The materials used by the Government services — from the purchase of food for school canteens to the acquisition of sheets for hospitals — have all gone up in price.

If the Government had been prepared to cover this deficit between increased expenditures and more or less constant incomes by the issuing of new paper money or *if the public had been prepared to save and buy Government Bonds*, no sleep would have been lost as a result of the formation of a deficit. But on the one hand we have decided that we will not "print money," and on the other hand the traditions of years of inflation have not yet educated the public to save a large part of their incomes.

N.E.P. has therefore forced the Treasury to propose two ways of action: On the one hand to cut expenditures, and on the other hand to increase Government income in particular by making a more efficient use of the machinery of income tax.

III

In a way it is not correct to describe the Currency Equalization Fund as a Budget, and of course if it works properly, it will have neither a surplus nor a loss. I have already explained that we buy more dollars at the third rate of exchange than we sell at that rate. Had we continued with this policy, we would have been faced with a considerable deficit in this Fund. And a deficit in that Fund could only have been covered by a surplus in the ordinary Budget. (And of course such a surplus in the ordinary Budget would have been achieved only by again increasing taxes and cutting down expenditure on essential services).

The Government has therefore decided to raise the prices of many of the goods which have been bought with "cheap" dollars and in this way to avoid a deficit in the Currency Equalization Fund. Many people have wrongly described the increase in food prices during the last few months as a "tax."

Nothing is further from the truth. The increase in the price of food by imposing a charge which goes to the Equalization Fund (mainly of the Ministry of Commerce and Industry) has only decreased to some extent the subsidy which we have given to food in a disguised form during all these years. And as yet the food-prices have not been adjusted to the rate of exchange of IL.1=$1.

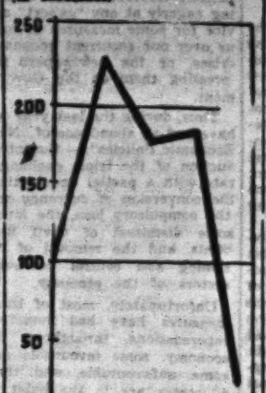
The N.E.P. has presented the Treasury with many intricate budgetary problems. And if we should succeed—as I hope—to close the financial year 1952/53 without deficits in the ordinary Budget and the Currency Equalization Fund, we shall have contributed considerably towards creating that atmosphere of economic stability which will enable us to attract foreign capital for the development of the country.

ONE YEAR OF N.E.P.

February 13, 1952
February 12, 1953

Immigration—1948-52

(In thousands)



1948 (May-Dec.)	101,828
1949	239,142
1950	169,405
1951	173,901
1952	23,570

SIGNPOSTS ON THE WAY

By Peretz Bernstein
Minister of Commerce and Industry

In this country of widely different economic philosophies — or what are considered as such — there is, characteristically enough, no real disagreement about the essential cause of our economic, financial and monetary difficulties. We are all agreed that they can be traced to the enormous and quite abnormal gap between low production and high consumption. This finds its most visible expression in our balance of trade: our exports pay only for the eighth or even tenth part of our imports. The corresponding difference in our balance of payments has until now been covered by foreign aid (Jewish and non-Jewish) and by loans and credits—in by far too large a part short-term loans and credits. But loans must be repaid, not to mention the expensive interest; and foreign aid is always liable to be restricted or discontinued. We do not know when or to what extent this will happen to us. But we certainly know that support in its present dimensions cannot be expected to be continued for long.

Negative Features

Our dependence on so large and so uncertain a degree of foreign aid, rather than day-to-day difficulties, is the most disturbing aspect of our economic difficulties; the more so because we have not managed to live a more or less normal economic life within the frame of our own production plus foreign aid. Despite support which we have received until now on a grand scale (and partly, no doubt, because of it), we have been unable to prevent

(a) a supply situation dominated by various degrees of scarcity;

(b) a far-reaching depreciation of our currency;

(c) corresponding increases in price level and chaotic foreign exchange rates; and

(d) harassing budgetary deficits. Government controls should have prevented or slowed down and arrested these dangerous developments, but did not do so.

Against this background a so-called New Economic Policy was decided upon a year ago.

In fact it had started some months earlier, when the Government announced that no additional fiduciary money would be issued. But it was a year ago that official devaluation of the Israel Pound was introduced and used as a means to raise prices; in part as an inevitable consequence of devaluation, in part intentionally, in order to increase the deflationary effect of the stopping of the printing press.

Salutary Effects

Deflation by means of raising the price level to the extent of 70-80 per cent (and probably even more) is hardly the ideal way to stop inflation.

But there have been some salutary effects. The flight from money into goods has ceased. Even capital flight has become negligible. Some believe there has been some repatriation of capital. The rise of prices has curbed the demand for luxury goods and, to some extent, for ordinary consumer goods. Money has regained its value, at least psychologically.

The value of money as buying power, however, has not been stabilized, since the price level continues to rise, though more slowly, in spite of deflation. Owing to budgetary dislocations, deficits have to be covered by raising customs duties, excise rates and prices of Government-controlled goods. Increase of production has not been achieved by the new economic policy as such. But perhaps some basic conditions have been created which may be prove useful for a deliberate attempt to narrow the gap between production and consumption.

This is where the change in outlook which has manifested itself in this country can and must play its saving role. Two things are now widely admitted: Firstly, the so-called "social" form of enterprise does not affect the economic, financial and psychological "laws" which, rather inexorably, govern the economic process. Secondly, economic independence (self-sufficiency) cannot be achieved, or even brought nearer, unless our economy is freed from the shackles of regimentation and the demoralizing influence of guaranteed profits (or the covering of losses and deficits) in a sellers' market, where initiative, self-reliance and risk have been eliminated.

It has already been possible to take some initial steps in the necessary direction. With demand curbed by a more realistic price level, the supply position, which had been obscured by Government controls, proved in many respects more satisfactory than had been assumed, and a not inconsiderable part of controls could be lifted. This is only a modest start. But already local industry is facing the necessity of increasing exports, while until now there had been no real incentive to seek markets abroad. Government will have to help promoting export by adequate measures.

Necessary Measures

One of these must be a change (preferably a drastic one) in foreign exchange policy, which is urgently required for other reasons as well. Neither a substantial increase of exports, nor attracting foreign investments, is possible unless the need for a Government decision on every individual transaction is abolished. Stabilization of prices is another necessity.

The balancing of all budgets by curtailing expenses and raising income through a more reasonable and less complicated tax legislation is a first requirement. Investment of capital goods should be chiefly directed towards basic development (water, power, transport), for without reasonably cheap water, power and transport we cannot hope to produce in sufficient quantity and at competitive prices. Even more than elsewhere, increased production must be achieved in agriculture. Dependence on foreign food is the main source of our trade deficit, while the degree to which food consumption can be restricted is necessarily far more rigid than in the case of other consumer goods.

The task ahead is an arduous one, the more so since many of the necessary measures must be taken almost simultaneously. But there is a way. If it is only conceived clearly enough, and if the necessary policy is implemented with vigour and confidence, the results will, I am convinced, in the end justify our hopes.

THE NEW ECONOMIC POLICY IN RETROSPECT

By DAVID HOROWITZ
Former Director-General Ministry of Finance

The one year old New Economic Policy represents one of the turning points in the tortuous struggle for economic survival of this country. The economy of Israel was passing through a period of transition, as the New Economic Policy became instrumental in shaping the destinies of the state with a time lag of some six months.

The effects of this policy can however be evaluated from the point of view of a hypothetical analysis of alternative possibilities and policies under the conditions of political and economic developments preceding the 13th February, 1952.

At that time the country was going through a process of inflation which fully justified the definition of "Too much money chasing too few good." This process was inherent in the immensity of the task undertaken by the state of Israel which is without precedent in the life of nations except in periods of emergency and war.

One of the U.N. experts invited by the Government of Israel to advise on financial affairs of the state expressed his view as follows:

"The basic cause is thus not to be found in inadequate fiscal or monetary policy, but rather in the physical burden imposed upon a society which has assumed the task of creating a viable economy in an area where the soil has been neglected for centuries."

Unprecedented Task

The financing of an immigration of 700,000 Jews into this country within some four years could not be effected by internal savings and accumulation for two reasons:

1. There is no precedent in the history of colonization of the integration of an additional population on such a scale by internal accumulation of capital.
2. There was hardly any saving or accumulation of capital in the country as a whole.

On the contrary, there is reason to believe that the country as a whole engaged in dissaving, and its current consumption was partly paid for by import of capital. The balance of payments of Mandatory Palestine bears testimony to the truth of the contention that even then the country was not economically self-supporting.

Although enormous in scope, the capital imported into the country since the establishment of the state of Israel, was however not sufficient to carry into effect the economic integration of all the immigrants who had come to Israel and form now the majority of its Jewish population.

Financing by unbalanced budgets was only one of the causes of inflation, although a very important one, as the very process of a sudden increase of population of such magnitude must have had an inflationary effect through an enormous expansion of consumption, while production lagged behind.

This process very much resembles a war economy, and practically every modern war generated inflationary pressures. The defence budget, large in relation to the national income, and the extensive scope of investment intensified this process and increased the "inflationary gap," that is the purchasing power in possession of the population in excess of the quantity of goods available at prevailing prices. The twofold task of safeguarding the security of the state and increasing the scope of investment, both essential and necessary for the preservation or achievement of political and economic independence, led however to economically adverse and dangerous developments.

Disturbed Equilibrium

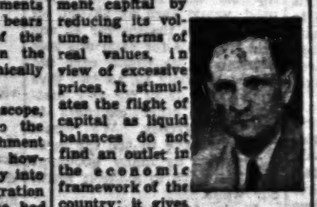
The evaluation of the balance of risks involved in the tremendous tasks of the state is a controversial issue. The problem is whether the distribution of risks and burdens between the various factors: the scope of immigration, security and maintenance of economic equilibrium, was always a correct one.

Whatever the answer to this question, it is evident that a far-reaching transformation of the life of the state, the people and the country was impossible without affecting to some extent the economic equilibrium.

The consequences of inflation are fraught with gravest dangers to the economy of the country and the stability of the state. The balance of payments becomes increasingly vulnerable by the stimulation of imports and discouragement of exports due to inflation. The excess of purchasing power exerts its pressure in the direction of increased consumption, with a bias towards increase of supplies by imports; on the other hand, inflated costs of production impair the competitive power of the country on international markets and deprive the producer of all incentive to export, while the internal market is ready to absorb almost any quantity of goods at a price far in excess of that in other countries.

Moreover, inflation stimulates unessential production, unessential commodities being sold at prices much higher than those paid for essential products which are subject to severe price control. Inflation reduces productivity since the pressure of purchasing power in excess of available commodities acts as a disincentive to work and produce.

Added to all this, inflation has a most detrimental and deterring effect on import of investment capital by reducing its volume in terms of real values, in view of excessive prices. It stimulates the flight of capital as liquid balances do not find an outlet in the economic framework of the country; it gives a fillip to flight from money to goods and real assets, thus causing additional price-increases and waste. Thrift is discouraged by the depreciation of money, a "vicious spiral" of wages chasing prices and vice versa is generated, a race which threatens the very foundations of economic life.



All these developments are in conflict with the interests of the state. Those interests and the great venture on which the state embarked call for decrease of imports and increase of exports, concentration on essential production, saving and import of capital for investment; they call for increased productivity and stability of prices and incomes, diversion of factors of production towards expansion of the economy and its productive capacity. All these are essential preconditions for the integration of the immigrant population.

Struggle with Inflation

In war-time and similar conditions, some nations have tried to curb the dangerous forces of inflation by a suitable economic policy. The classical country of controlled inflation was England, where during the war an attempt was made to curtail consumption by rationing and to prevent inflation by administrative control of prices, sterilization of a part of the surplus purchasing power, freezing of savings and high taxation.

While this policy achieved during the war a certain measure of success, it cannot be continued in the long run, particularly so when purchasing power is augmented to such an extent as to become uncontrollable. Even can hold out against ... stood up to a point, but beyond that point pressure becomes irresistible, the dam will break and with it its function as a protection against the rising tide of inflation.

The situation prevailing during the war in some countries and defined as "repressed inflation" is limited by the time and degree of inflationary pressure which it is able to withstand. If inflation exceeds certain limits, no rationing scheme or administrative and physical controls will be of avail.

Control of Price Level

Reduction of prices by administrative measures is not only exceedingly difficult, but has ferquently repercussions entirely different from those expected and desired. Reduction of prices without disinflation of incomes will only accentuate the process of inflation. The absolute level of prices has little relevance, if unrelated to purchasing power and physical quantities of goods. It will only release additional purchasing power pressing on a limited quantity of goods and services.

Such an attempt to reduce prices by administrative measures was made in this country in 1949; but not being linked with an adequate reduction of incomes, it resulted, after a short period, in a renewed and steep rise of prices. Moreover, "repressed inflation," such as prevailed in England and in this country during several years, continuously augments the excess purchasing power which seeks an outlet on the commodity market.

At some juncture, therefore, the administrative dam of physical controls is likely to break down and an economically most dangerous "runaway inflation" will follow. When all criteria of economic values are destroyed, production, supply and exchange of goods dislocated, control cannot be maintained, and the transition from repressed and controlled to runaway inflation may be sudden and abrupt. Very possibly, Israel economy in February 1952 was approaching that point and, in the course of time, this would probably have been the alternative to the situation created by the new economic policy. This policy should therefore be judged in the light of such an alternative.

Shock Treatment

The new policy achieved its success by a combination of three measures; partial devaluation of currency through introduction of three rates of exchange; from 1951 onwards termination of inflationary financing by refraining from the issue of new treasury and landbills; a compulsory loan of 10 per cent of all liquid funds in the country, deposits as well as currency in circulation.

In this way, the purchasing power confronting the physical volume of goods contracted at once. This was admittedly a shock treatment of inflation by increase of prices, incomes lagging behind both in time and size.

It is worth mentioning that this new departure in Israel runs surprisingly parallel to changes and tendencies in world economy, although for different causes. The annual report the Bank For International Settlements for 1951 says, *inter alia*:

"The redundant supply of money found in most countries at the end of the war was clearly attributable, on the one hand, to credit expansion and, on the other, to direct controls which, for the time being, had prevented consumers and business enterprises from spending as much as they wished. In such a situation people were forced to "save" to an unusual extent, simply because they could not buy the goods they wanted... Thus a pent-up demand was accumulated which was bound to make itself felt once peace had returned and supplies became more plentiful."

"At the end of the war a surprisingly large number of countries expected prices to fall in the near future and only a few — notably Belgium, Denmark and the Netherlands — took any steps to reduce the supply of money created by war finance. It soon became clear, however, that repressed inflation (or "too much money chasing too few goods," as it was expressed in England) had very grave disadvantages: notably shortages, low productivity and deficits in the balance of payments, and strenuous efforts were made to restore equilibrium.

"But the excess of money was in many countries, too great to be removed simply by stopping new inflation and increasing production, and the authorities had to allow, though with great reluctance, a substantial rise in prices."

Aim of New Policy

The purpose of the N.E.P. was to confront the country with the realities of the situation. It called for wage rise restraint except in the case of increased productivity; it objected to profits based indiscriminately on the cost of production in the least economic enterprise; it emphasized the need for efficiency and closer adaptation of income and consumption to actual production in each enterprise and in the economy as a whole.

The implementation of this policy could not, of course, yield perfect results in all spheres of the economy within a single year. Nor could it be carried into effect without causing many difficulties and inflicting hardship and suffering.

In reality, however, these difficulties are not the result of N.E.P., but of objective conditions prevailing in a poor and undeveloped country which finds itself in the throes of inflation, with an enormous increase of population to be cared for, and with a substantial disparity between production and consumption.

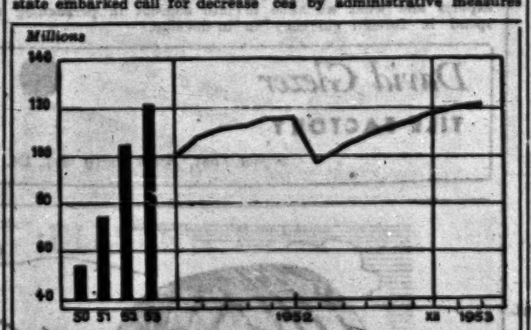
Way Out of Dilemma

The new policy disclosed these facts. Were it not for this revelation at the right time, a sudden deterioration would have set in with fatal consequences. The choice was between gradual readjustment with some suffering, or a grave crisis; between a painful cure bearing promise of rescue and recovery, or mitigation of pain by narcotics with disastrous results.

The controversy as to distribution of national income in this country concerns mainly the allocation of resources between investment and expansion of economy on the one hand and increased consumption on the other hand, between present comfort and future safety, between higher standards of life today and economic self-support tomorrow.

The moral and national considerations driving the country with compelling power to gain economic independence are rein-

(Continued on Page Six)



BANKNOTES IN CIRCULATION
(Issue Department's figure in first weekly report of month)

1950, Jan. 4	IL.50,290,428	July 2(a)	98,197,738
1951, Jan. 3	73,877,228	Aug. 6	102,947,738
1952, Jan. 2	100,307,738	Sept. 3	107,137,738
Feb. 6	107,407,738	Oct. 1	111,337,738
Mar. 5	112,207,738	Nov. 5	1114,587,738
April 2	112,677,738	Dec. 3	117,087,728
May 7	115,747,738	1953, Jan. 7	119,087,728
June 4	115,467,738	Feb. 4	121,237,738

(a) Currency exchange and compulsory loan caused a drop of IL.17.3 m.

Table of Contents

L. Eshkol,	Balanced Budget and New Policy	5
P. Bernstein,	Signposts on the Way	5
D. Horowitz,	The New Economic Policy in Retrospect	5
K. L. Cohen,	Dubious Effects of Devaluation	6
G. Luft,	End of Illusion	7
M. Brilliant,	What the Businessman Says	7
M. Liwni,	Foundations of Export Organization	8
A. Feuchtwanger,	Mysterious Index Numbers	8
A. Bergmann,	Aspects of Fiscal Policy and Taxation	9
H. Bahaben,	Wages and National Income	10
K. Guggenheim,	Nutritional Values of Our Food	10
Y. Arden,	Two Lessons in Efficiency	11
G. L. Cohen,	Faces Behind the Figures	11
S. Tress,	Need for Electric Power Authority	12
E. Mayer-Bentov,	The Story and the Moral	12

Illustrations by Myer Isaacman

Contributors are responsible for the facts stated and views expressed in their articles.

Copyright of all contributions reserved.

SHELL CHEMICALS
DISTRIBUTING CO.(M.E.)LIMITED
INCORPORATED IN ENGLAND
DISTRIBUTORS OF SHELL CHEMICAL PRODUCTS

AGRICULTURE
Local Manufacture of:
CITRUS FRUIT SPRAYS
DECIDUOUS FRUIT SPRAYS
WEEDKILLERS
AGRICULTURAL INSECTICIDES

INDUSTRY
Suppliers of:
CHEMICAL SOLVENTS
DETERGENTS & ALKYLATES
PETROLEUM BY-PRODUCTS
MISCELLANEOUS CHEMICALS

HOUSEHOLD
Local Manufacture of:
HOUSEHOLD INSECTICIDES
SHELLTOX
SHELL D.D.T. SPRAY 5%
ANTI-MALARIAL OILS

SHELL

TNUVA

INCORPORATING 420 agricultural settlements and hundreds of single farms on a cooperative basis in all parts of the country, for purpose of marketing the products of their agriculture and their alimentary industries.

OFFERS for sale drinking milk, butter, white soft cheese, soft fat cheese, hard cheese, labben, kefir, labbenieh.

SELLS from its stores in towns and settlements: vegetables, potatoes, fruit, eggs, poultry, fish, calves and lambs, honey, jams, marmalades, canned food, preserved olives, citrus juices and fruit juices, concentrated citrus juices, honey beverage "ZOOT," cornflower, puddings, flowers, seedlings, tobacco.

TNUVA

is the main organization for the supply of agricultural produce in the State of Israel and markets about 70% of the total agricultural produce of mixed farming.

TNUVA CENTRAL COOPERATIVE FOR THE MARKETING OF AGRICULTURAL PRODUCE IN ISRAEL LTD.

Head Office: P.O.B. 260, Tel Aviv. Tel. 62126-5655.
Cables: CENTNUVA TELAVIV.

HA'ARGAZ LTD.
Established 1928
METAL and WOOD WORKS
Manufacturers of Bus Bodies, Lorries, Commercial and Special-Purpose Vehicles, Ambulances, etc. Steel Office Furniture Wooden Packing Boxes. Joinery. Pre-fabricated Wooden Huts.
TEL AVIV P.O.B. 196
Head Office Tel. 69620
Woodwork Dept. Tel. 67591

N.E.P. IN RETROSPECT

(Continued from Page Five)

forced by sheer necessity to increase the sources of its own normal income.

Inflation is the surest way to succumb to the temptation of diverting funds to current consumption; but that way leads to disaster and away from economic independence. The creation of artifical purchasing power does not produce any economic values or assets; it is tantamount to making out a cheque on a non-existing account.

Our difficulties are not a result of the failure to create artificial purchasing power, but of lack of values and assets which would warrant the expansion of purchasing power.

A renewed expansion of purchasing power would not increase real economic values but could only create an illusory and short-lived prosperity. A severe crisis would be the inevitable result. This is the answer to any suggestion to terminate the N.E.P.

Production and Balance of Payments

The economic conditions of the country must be viewed as a reflection of the level of production on the one hand, and the balance of payments including aid on the other hand.

The N.E.P. adapted the economy of the country to these two factors and prevented the construction of a paper bridge or rather paper-money bridge, which might for a while, but not for long, delude the country.

At the present juncture the economic target must be the most rational and efficient allocation of resources, with a view to shortening the road to economic self-support. Such allocation implies a difficult and fateful choice between different economic objectives. However, these facts must be faced and there is no use in creating delusions by distribution of non-existing resources.

The situation today approximately reflects a proper relation between existing purchasing power and available volume of goods. There are no large surplus inventories, and the expansion of purchasing power cannot add anything to the supply of goods.

It is true that this development is not free of internal contradictions. It is difficult to implement two inherently divergent operations such as disinflation and development. However, both are indispensable. The N.E.P. comes nearer to resolving these contradictions than any other course of action.

Even this policy, however, cannot solve easily and quickly the problem of balancing the international payments of this country, though it can facilitate the solution.

In an economy with a large population transplanted into the country geographically, but not fully integrated economically, this problem can be solved only by extensive investment in those branches of production which will decrease imports or increase exports. But this very extension of investments necessitates a reduction of current consumption, that is of a standard of life not warranted by our national output and level of production.

While N.E.P. was largely successful in confronting the country with the realities of the situation, it is not and was not intended to be a panacea which would cure all the ills of our economic life caused by the disparity between needs and possibilities, aims and means.

It offers a glimpse into a safer future, the road to which is hard, difficult and severe.

DUBIOUS EFFECTS OF DEVALUATION

By KENT L. COHEN

Short of external forces coming to our aid, as with the German Reparations payments or some new foreign loan or an unforseen increase in donations to the National funds, or new sources of national wealth such as a discovery of large and easily exploitable deposits of valuable mineral resources, it would be very comforting if we could overcome our economic difficulties by some simple and straightforward administrative action. Whether one thinks of abolishing controls, raising—or, for that matter, lowering—the rate of interest, increasing or decreasing subsidies, changing the income tax law, devaluing or revaluing the currency, it is difficult to blame our hard-pressed Government for clutching eagerly at any "expert" advice for some measures to help us over our recurrent economic crises, or the newspapers for pressing them on the Government.

Thus, during the last year we have had an abundance of "New Economic Policies" — the introduction of the triple exchange-rate with a partial devaluation, the conversion of currency and the compulsory loan, the large-scale dismissal of Civil Servants, and the removal of rationing and control in some sectors of the economy.

Unfortunately, most of these measures have had numerous repercussions throughout the economy, some favourable and some unfavourable, and their advocates are in the habit of seeing only the former. None of them have provided a permanent improvement in the situation, so that after a few months we are presented with a new crisis and a search for some new measure to meet the situation.

Nor are we in a position to judge the success of the various measures, partly because of the paucity and unreliability of available statistics, but principally because our advisers are not required to state explicitly what, in their opinion, will be the likely outcome of their enactment, so that we are unable to compare promise with fulfilment. There is all the more reason, therefore, for adequate discussion of the pros and cons prior to putting into effect any new economic measures.

The latest rumour is of a further and considerable devaluation of the pound reportedly hinted at by the Minister of Commerce and Industry in an interview with a representative of the "Sunday Times," but subsequently denied.

Now rumours of devaluation can be very damaging, since those who import our products abroad may delay purchasing in the hope that the devaluation will be put into effect and then they will be able to obtain them more cheaply. Too much discussion of the possibility of devaluation may in fact force us to carry it out by making our products unsaleable at present prices.

How, then, does devaluation work?

When we devalue the pound, we declare that more of them can be obtained for a dollar (or any other unit of foreign currency) and, consequently, fewer dollars can be obtained for a pound. The immediate effect of this announcement is to reduce the price of our exports to anybody who buys them for foreign currency, and to increase the price in Israel of imported materials or services paid for in foreign currency.

Mechanism of Devaluation

We ought to examine these two effects separately, tracing them throughout the economy. Suppose we halt the exchange-rate of the pound; then, in the first place, we would get only half the dollars we get at present for the goods we export. But, of course, we hope, and should expect, to sell a lot more of them. The question is how much more? The answer is difficult, and we would have to have access to all sorts of market information which we hope the Government has required from its experts before we could make a reliable evaluation.

If, for instance, by halving the prices we could sell twice as much of our exports, would this be enough to justify this devaluation? Here the answer is clearly "No!" and for two reasons. Firstly, while it is true that we would obtain the same amount of foreign currency for our exports, we should have to export as much to obtain it.

The second reason, which is sometimes overlooked, is that our exports are not made entirely of local products. Part of the cost of producing them is spent in foreign currency. Thus, the actual net currency earned is the difference between what we receive for our exports and what we have to spend in foreign currency in making and selling them. In order to sell twice the amount of goods, we would have to use up twice the amount of dollars in making them.

For example, if an Israeli toy sells abroad for $4 and costs us $1 for raw materials and other foreign currency expenses (advertising, transport, etc.,) the work of making the toy, including all the Israeli materials used, would earn us $3 net. If we now sold the toy for $2 and sold two toys for each one sold previously, we would earn not $3 net but only $2, as two toys would cost us $2 for raw materials and other expenses in foreign currency. We would therefore have to sell far more than twice as many goods at half the price to make it worth our while.

It is true that there are many products of which we could sell for more than twice the present quantity if we halved the price. Some of them are products of which we cannot sell any at present because the prices are too high. But we must be certain that we could have enough of them to sell if the prices were cheap enough. We might have orders, but could we fulfil them? That is another of the questions that the experts will have to take into account in persuading us to devalue.

It would not be sufficient to demonstrate that we could sell much more and earn more foreign currency — although we should have to work harder for it — if prices were lower abroad. They would have to convince us that we could produce much more to sell, that we would not be prevented by shortage of skilled manpower, fuel, or raw materials.

But this is not all the story. If we halved the exchange rate of the Pound, our exporters would be enabled to sell at half the price abroad while getting the same return in Israel currency; but they would not be forced to do so. They might raise the price of their products in Israel—indeed to some extent they would be forced to do so, as we shall see later. If our toy now sells for $3 in America instead of $2, however, the net earnings will be $2 instead of $3 for each toy, so that we should have to sell 50 per cent more in order to earn the same number of dollars, and we should use up 50 per cent more labour and Israeli materials in the process.

But there will be another effect. If other Israeli prices—and wages—are increased by less than 50 per cent., it will now be more profitable to make toys for export than other goods for the home market. Manufacturers of goods for exports will then be encouraged to expand their output and will be able to offer more for their labour and raw materials. In so far as prices and supply of materials are not controlled, this is wholly a good thing; for more labour and materials would be devoted to export industries instead of to the home market.

How far this factor will work in practice, is a difficult matter to estimate but, before stating a preliminary opinion, we must turn to the other side of the question, the effect of devaluation on the price of imports.

Impact on Imports

As we said already, when we devalue the Pound, the Israeli price of our imports goes up. To be precise, if we halve the exchange rate, import prices will double. Since a large part of our basic foodstuffs and the equipment and raw materials of our industries are imported, they would cost twice as much. In so far as they could be replaced by home-produced materials, we should be under a strong incentive to do so—that is another purpose of devaluation. But there are not many things for which we use imported materials which could be replaced by home-produced substitutes. If there were, the importers would probably not have been able to get an import licence.

If prices of materials go up, manufacturers will raise the price of their products, and then we would find the cost-of-living index had risen; we should all get an increase in wages which would raise prices still further. This is the process of inflation we all know already. The Government might of course keep the index down by increasing subsidies, but this is unlikely because the Government is trying to balance its budget by cutting subsidies.

Still, as not all the things we buy are imported, the prices of goods produced from home resources would not go up as much as those containing imported raw materials, and anyway wages would lag behind so that we should all have to buy less, and more goods would be available for export. But, of course, it is not as easy as this. The machinery and raw materials "set free" for export production by the contraction in home demand might not be adaptable to production for the export market. The people who lost their jobs might not be taken in by the export firms—either because they have not got the right skills, or because of the shortage of raw materials referred to earlier. They would clamour for jobs, and the Government and Municipalities would have to spend more money employing them on public works which might be less essential than the work they were previously doing and would require large capital investment, while the machinery which they used previously was left standing idle. Moreover, manufacturers supplying the home market would press for reduced taxation so as to end the slump and unemployment.

Chain of Disadvantages

Now we are in a position to evaluate the usefulness of devaluation at the present time.

What devaluation aims to do is to divert production from home industries to export industries by making the latter more profitable and the former less so, and to divert consumption from imported goods to home produced goods by making the former more expensive.

Its chances of success depend on the following factors:—

(1) the extent to which we can sell abroad, or sell to foreigners, the things we usually sell at home, or that we can produce other things to export in place of them;

(2) the extent for which we can use home-produced materials in place of imported materials, if the latter are expensive enough;

(3) the extent to which the effect of devaluation is not wholly offset by rising prices and wages throughout the economy.

The disadvantages of devaluation are:

(1) That it affects all industries alike—this is true of all "financial" solutions to economic problems—because we would cut down the production of all goods sold on the home market and not only those that will free materials, machinery or manpower for the export industries, while we make all the export industries, more profitable and not only those which are able to expand output and earn more foreign currency.

(2) The changeover period before the export industries have succeeded in absorbing the displaced unemployment — itself a factor in restricting output because workers fear to work themselves out of a job—and reduced production.

(3) The fact that what the economists call the "Terms of Trade" are turned against us—that is, we get less imports for each thing that we export.

(4) Foreign investors will find their investments worth less in their own currency than previously, and this may well discourage other would-be investors. On the other hand, Israelis who have managed to smuggle all or part of their capital abroad will now find it worth more than previously in terms of Israelis currency, and others may be encouraged to follow in their footsteps.

5) Finally there is the danger that a further devaluation will lead to a loss of confidence in the Israel Pound and may cause foreigners to expect us to devalue again if the situation does not improve which will make them all the less willing to buy Israeli products or invest in Israel. Nothing can be more damaging than repeated devaluations.

While the advantages of devaluation are uncertain and dependent on statistical data not at present available, the disadvantages are considerable and to a large extent foreseeable. It may be that, on the basis of data available to the Government, they may decide that the advantages in our present situation are so considerable as to outweigh the disadvantages. Or it may be that the rumours of devaluation and its expectation abroad leave us with no choice, but it is as well that the disadvantages should be thoroughly taken into account. The beginning of economic wisdom is fear of the consequences.

Alternative Method

There might be an alternative method of achieving the same aims with, what seem to us, fewer disadvantages, although there may be other disadvantages which we have not taken into account.

When the shopkeeper cuts his prices in order to attract more trade, he does not cut all prices equally but only those of the goods of which he has an unsaleable stock or can obtain a ready and increased supply. Similarly, we could subsidise those exports which can be readily expanded if prices abroad were lower while recovering the subsidy by a tax on imports for which home-produced goods can be substituted.

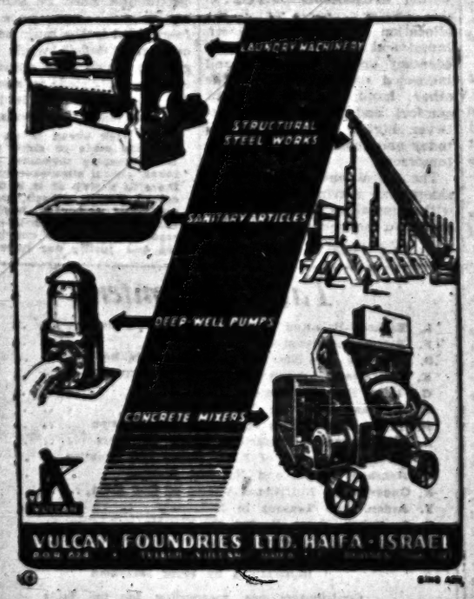
It is only common sense that we should not make our exports cheaper where we can sell at the present price as many as we can produce. Our aim is to earn as many dollars as we can while giving as few goods as possible for them. This applies equally to the tourist trade where we should not spend more in attracting tourists if we can earn as much foreign currency for the same or less expenditure. This case deserves particular attention, because if we err in our estimates, we may find that we have invested large sums in luxurious hotels and the production of luxury goods which might have been spent on basic necessities—all to no avail.

Many of our goods are strictly non-competitive in the sense that they are bought just because they are made in Israel, and we would not be able to sell many more even if they were cheaper. Similarly many tourists come to our stores just because we are Israel and would come here even if we did not provide non-austerity meals. Many donators to the National Funds are influenced by our pioneering achievements and the accounts of our sacrifices, only to be later discouraged by the sight of so many luxury cars and hotels when they arrive here.

It would be interesting to compare the sums invested in the tourist industry to date with its earnings in foreign currency, but that is another story and will have to wait until sufficient facts are made available by the Government.

GMC Trucks—Buses
'Pontiac' Cars
'Alliance' Tyres
'Delek' Fuel
Agents and Distributors in Israel:
'NOA' CO. LTD.

HAIFA WIRE WOKRS
Management:
Eugen Wilbushewich, M. Eng.
Cables: Eugen Wilbushewich, Haifa. Tel. 3765
Letters: P.O.B. 15, Haifa.
Codes: Rudolf Mosse, Bentley, A.B.C. 5th Ed.
ALL KINDS OF
WIRE and STAMPED ARTICLES
NAILS, STAPLES, WASHERS, etc.
EXPORT ORDERS PROMPTLY EXECUTED



VULCAN FOUNDRIES LTD. HAIFA - ISRAEL

"Kidmah" Ltd.
TEL AVIV
P.O.B. 1293. Tel. 3672
Manufacturers of
Agricultural and Earth Moving Machinery
Materials-Handling Equipment
Packing House Equipment.

David Glezer
TILE FACTORY
Segula Lane, Petah Tikva, Tel. 325.

SOLEL BONEH LTD.
The Contracting Organization of the General Federation of Jewish Labour in Israel
Haifa * Tel Aviv * Jerusalem
Branches all over Israel
Koor Industries and Crafts Co. Ltd.,
Coordinating Industrial Undertakings:
VULCAN FOUNDRIES LTD., Haifa
HAMAT LTD., Tools and Machinery Manufacturers, Tel Aviv
THE PALESTINE GLASS WORKS "PHOENICIA" LTD. Haifa
GENERAL BUILDING MATERIALS, HAWAK LTD., Tel Aviv
KHARSAH CERAMIC WORKS, Haifa
HAMGAPER LTD., Rubber Products, Haifa (Part Owners)
OGEN LTD., Operating, Building and Repairing of Launches and Boats, Haifa.
YUVAL GAD, PIPE MANUFACTURING CO. LTD., concrete pipes, Migdal Ascalon
THE MIDDLE EAST TUBE CO. LTD., Welded Pipes, Haifa
THE ELECTROMOTOR AND ELECTRICAL APPLIANCES INDUSTRY LTD., Ramle
THE CONSOLIDATED TELEPHONE AND RADIO CO. LTD., Lydda (Part Owners)
ALLIANCE TIRE & RUBBER CO. LTD., Hadera (Part Owners)
ENTERPRISES UNDER CONSTRUCTION
SEAMLESS TUBES (MANNESMANN TYPE) MILL, Acre
THE ISRAEL STEEL ROLLING MILL, Acre

"DAN"
URBAN and INTER-URBAN PUBLIC BUS SERVICE
Jaffa-Petah Tikva-Greater Tel Aviv Coop. Society Ltd.
HEAD OFFICE: Tel Aviv, 17 Rehov Arlosoroff, P.O.B. 8038. Tel.: 4616-4617.
TRAFFIC OFFICES: Tel Aviv: Rehov Hagalil, corner Rehov Hasharon, opp. Central Bus Station, Tel. 3663.
PETAH TIKVA: Rehov Ozer Grozinski, opp. Gan Hamoyaadim.
RAMAT GAN: Tel. 7126.
The daily service begins at 5 a.m. and continues until midnight, except for certain bus routes where service operates in accordance with a fixed time-table.
Regular service from Tel Aviv to Petah Tikva, Bnei Brak, Ramat Gan, Ramat Gan 'B,' Givatayim, Kibbutz Efal, Kfar Ezer, Kfar Ono, Givat Shmuel and surroundings. From Petah Tikva the service runs to Kfar Sirkin, Bellinson Qtr., Gat Rimmon, Hyovel, Behadraga, Yad Hamasaviv and Hadar Yosef.
Internal services within the town boundaries of Petah Tikva, Ramat Gan and Bnei Brak.
Regular service to Northern Railway Station, Tel Aviv.

"GAVISH" LTD.
THE ISRAEL GLASS MANUFACTURING CO. LTD.
RISHON LE-ZION. TEL. 261
FACTORY OF GLASS, HOUSEHOLD AND INDUSTRIAL WARE
Orders for industrial purposes accepted at the Factory Office, Rishon Le Zion.
Agents for Household Ware:—
TEL AVIV: S. TOPOLSKY, 20 Rehov Hachalutzim
M. APELBLATT, 111 Rehov Nahlat Benyamin
N. KLIFCOES, 119 Rehov Nahlat Benyamin
HAMASHBIR HAMERKAZI
HAIFA: NOVOMIAST & KAHN, 69 Rehov Hanamal
FREUDBERG & Co., 3 Rehov Habankir
JERUSALEM: M. FRANT, 185 Rehov Agrippas.

Beginning of New Era Through New Policy

By GERDA LUFT
Post Economic Correspondent

What has the New Economic Policy promised to do, and what has it accomplished? It promised to curb inflation, cut down consumption, and encourage production. Obviously it has succeeded in carrying out the first two items of the programme. It failed in the third. Why it worked out as it did is of more than historical interest. If we understand the reasons for both success and failure, we might be able to shape a realistic programme for the future.

The first years of mass-immigration brought inevitably inflation. Firstly, immigrants were fed, housed and cared for in camps, they consumed without producing, thus increasing the demand for goods as well as for money in circulation. Secondly, public works and development projects were launched which could be financed only by printing money. At this stage, the dangers of inflation were accepted by government experts with open eyes. They assumed that a certain degree of inflation was unavoidable as long as development was in its first stages and did not yet give returns. There was even a time — and this not more than a couple of years back — when important economists in Israel believed that they had to contend only with the problem of foreign currency supplies and did not bother at all about the expenditure in Israel pounds.

Underproduction— Over-Consumption

Inflation was still encouraged in the second phase of immigration, when immigrant camps were closed down but their inmates were not absorbed in the ordinary economy but employed in various public work projects in which their output did not match their consumption.

Underproduction and overconsumption have by now been acknowledged by government and public opinion as basic causes of our present plight.

Less obvious — but not less essential — are additional factors which are the result of unrealistic thinking in the social and economic field. It was not understood early enough that calculations for development schemes must go awry during a period of inflation, that as the value of money declined expenses would soar, and that plans would then mature more slowly and results be delayed.

This is one of the main reasons why many of the important development schemes — the Negev minerals or Potash exploitation — could not find enough money and could not be advanced quickly enough.

Inflation-money did not only go into development-projects. It went likewise into public work schemes which did not give direct returns. Some of them were economically sound, among them housing, because it would have been impossible to absorb immigrants without giving them shelter. (The same is by no means true for many of the housing schemes for old-timers). The afforestation schemes, however, were investments on such long terms and without immediate help to production that the result was a heavy drain on our money resources and thus an indirect fillip to inflation.

Social Subsidy

While the printing of money, vast public works and housing schemes worked as huge cushions which absorbed the first shock of mass-immigration, the keeping up of an exchange-rate of $2.80 to the pound was an indirect means to keep up the standard of living or even to raise it. The citizen who bought his bread, his margarine, his meat and his clothes at this unrealistic rate received in effect a subsidy from the state, and a pretty big subsidy it was until a year ago.

The introduction, in February 1952, of the three dollar-rates was, as a matter of fact, already the second step on the way to lower consumption. The first was the stopping of the money-printing presses in October 1951. This, together with the ten per cent forced loan which came five months later, succeeded in mopping up superfluous purchasing-power effectively. It worked against overemployment, perhaps too effectively, because, as we shall see later, unemployment begins to rise so quickly that we may have difficulty in regulating it.

When then did the N.E.P. fail to fulfil its second promise, to encourage production?

Budget Policy

The assumption that workers thrown out of unessential jobs would be absorbed by essential enterprises proved incorrect, because deflation did not stop at essential jobs. In this respect, better results could have been obtained if, in addition to monetary measures, the budgets of the state and of other public authorities would have had been fashioned with the same end in view, namely to encourage production.

But the whole complex of government expenditure in relation to the national income was not subjected to careful examination. Although in its New Economic Policy Plan the government announced its intention to retrench, the public budgets were still handled without the necessary care. Both public and government had become accustomed to many services which take a large slice out of the national income. Thus people who could help to increase production are taken out of the production process. What is more, the high taxes needed to finance a huge machinery of public administration add to the price of our products.

Adapting Expenditure

In future, we shall have to attack the problem from a different angle. We must first assess our income and adapt our public expenditure to it. Obviously this adjustment will take considerable time.

> While unable to do all it had promised to do, the New Economic Policy was fairly successful in bringing down part of the artificial wall which sheltered the national economy from world market conditions by supplying goods at artificially cheap prices.

That the process would be unpleasant was obvious from the beginning. Now, that the results have become evident we must ask ourselves whether the process has gone far enough. The answer is found when we compare our prices with those of the world market according to the unofficial dollar rate. Then we shall see that a number of goods are even now cheaper in Israel than elsewhere. This unpleasant truth is resented by the many who are now unable to make both ends meet. Their position is however affected not only by high prices — in relation to their income — but also by very high taxes. The price level must in the long run be determined by our productivity. The figures given by Mr. Eshkol on the prices of a number of basic commodities here and in other countries are highly revealing in this respect. We still work for a kilo of sugar and a kilo of bread an appreciably shorter time than the worker in European countries, and this is obviously an economic absurdum.

Down to Earth

The New Economic Policy had helped to bring us down to earth. Until a year ago, the supply of cheap goods helped to keep up the illusion that we could have mass-immigration and a high standard of living at the same time. Developments since then have taught us that this is impossible and that our standard must depend on our earnings.

The New Policy has moreover revealed that the economic shock of mass-immigration had been delayed by exchange rates which could not be maintained indefinitely.

Old-timers will remember previous slumps which brought unemployment and money troubles. They will remember, too, that they were overcome by import of additional capital which, for instance, at the end of the twenties went into orange-planting and in the thirties into industries, services and agricultural middle-class settlement. Today again, this might well be the way out of the impasse.

What the Businessman Says

By MOSHE BRILLIANT
POST Correspondent,
Tel Aviv

The New Economic Policy in the year since its introduction terminated one paradoxical situation and created a new one.

The paradox which was terminated was this: A year ago the financial position of the country as a whole and of the Government was tight, but the individual for the most part was highly solvent. N.E.P. has stabilised the situation. Today, the financial position both of the country and the people is pretty tight.

The new paradox is this: The Israel pound buys much less than a year ago, but the Bank Leumi banknotes have never been so precious. Thus the feeling in business circles is that one of the aims of the New Economic Plan — curbing inflation by reducing spending power — has been achieved. Some believe that it was too much of a success.

I TOLD YOU SO!

> Mr. Herman Kalmanowitz, a household goods retailer of 19 Rehov Bustros, Jaffa, says "I told you so!"
>
> In an interview published in THE JERUSALEM POST on March 28, 1952, he said... "prices must come down. I don't care what the experts say, but as a businessman I know that if demand falls off prices must come down." At the time the statement was made, prices were spiralling because of new price calculations based upon the new exchange rates. A period of rush buying was inspiring all.
>
> Mr. Kalmanowitz said that prices of glassware, silver plated goods and crockery already fell to below the pre-NEP level. Metal goods were still higher, but the public is not buying, and he believes prices for these too will have to come down.

The second aim of the plan was to increase the country's foreign currency earnings by offering inducements to exporters and tourists in the form of better exchange rates and by other privileges to export industries. But the feeling is that the original concessions were nullified by rises in the costs of labour, fuel and overhead.

Individual Reactions

A proprietor of a factory, 60 per cent of whose production cost is labour, said his industry had stood to gain by the reforms. "The introduction of the pound for a dollar exchange rate last February enabled us to meet international price levels and allowed for a normal profit. We accepted some foreign orders, but by the time we could fill them the rising costs upset our calculations and we took losses. This process continued throughout the year. Our exports were less than the previous year."

Mr. Eliezer Mazur of Tel Aviv said that the diamond polishing industry has never stood to gain by the reforms. "We received a pound for every dollar's exports, but we also had to pay for rough diamonds at the new rate," he said.

He observed that all-in-all N.E.P. had been bad for his business. "We needed more capital to retain our volume of production and had to get credits. Our profits were thus smaller," he said.

Mr. Aba Frenchenko, proprietor of the Elite Sweets Factory and the Priman Canning factory, both of Ramat Gan, said that the advantages offered by the currency reforms had been whittled away by rising costs but not fully eliminated.

A citrus grower, Mr. Moshe Schwartz of Rehovot, said however that the new exchange rate more than compensated for the rising costs of labour and transport. Furthermore, he said, because of the general condition workers were now giving an honest day's labour. Productivity had increased by 30 per cent.

Mr. Aharon Warshawsky, a partner in the Globe Travel Service of Tel Aviv, said that tourists had not benefited from the reform. The reduction of the exchange rate to $1.40 last February was nullified by increases in prices. By the time the Government took measures to adjust the situation by reducing the rate to one dollar, the prices again went up.

A man who was in a position closely to observe the impact of N.E.P. upon business was Mr. Hiram H. Cohen, director of the "Hefzi-Bah" department stores in Tel Aviv, Haifa and Tiberias.

"Shops are better stocked than they ever were," he said, "but the shopping public has become price-conscious and developed resistance. People buy foodstuffs at official and black market prices and very little is left over not only for luxuries and semi-luxuries but for actually indispensable consumer goods."

Price Trend Reversed

The consumers' resistance brought about a reversal in the price trend. Manufacturers and importers, pressed for cash and confronted with a price-conscious shopping public, unearthed large stocks of better quality and more varied goods which they had previously concealed in the hope of getting better prices. Retailers were also stimulated to develop better values and lower prices. They took steps to clear unsatisfactory goods by means of price reductions, to bring back money as quickly as possible for re-investment in more attractive and faster selling goods and to retain customers' confidence.

Mr. Cohen said that despite the improved supply situation and several periods of rush-buying during 1952, the volume of business in "Hefzi-Bah" shops had fallen off. The increase in turnover had not been commensurate with the overall rise in prices and in expenses.

On the other hand, Mr. Erich Eckmann said that business in the chain of Eckmann's Department stores was brisker. The turnover had increased by 50 per cent, and his three branches in Tel Aviv now employed 53 people compared with 43 a year ago.

Shelves which a year ago were stocked with toys, plastic goods and gifts were now loaded with varieties of crockery, glassware, soft goods, stationery, textiles and other goods which were unobtainable a year ago.

"Where these stocks suddenly came from I have no idea," Mr. Eckmann said. Like the head of "Hefzi-Bah," he said a steady procession of importers, manufacturers and agents moves through his office offering hundreds of items at convenient terms, frequently even on consignment. "The suppliers' warehouses are filled to the rafters," he declared.

Businesses with less flexibility than department stores were harder hit by the recession. All branches of retail trade felt the pinch but it was greatest in non-essential lines, such as gift shops, and smallest in lines dealing in essentials, such as groceries.

NO N.E.P. FOR ELEPHANT

> Most people have reduced their standard of living but not the animals in the Tel Aviv Zoo.
>
> "The elephant must have his 15 loaves of bread a day and the mammals must have meat," declared Mr. B. Godier, the superintendent. "There are no substitutes for them. If they don't get the right food, they'll die."

Slump in Real Estate

The real estate line was hard hit. Of the 200 members of the Association of Real Estate Agents in Tel Aviv, between 20 and 30 have closed their offices. One went into the building supplies business, another bought a truck, a third opened a shoe shop in Rehov Nahlat Benyamin and a fourth became a barber. Others went into different businesses or secured jobs.

Mr. Mark Romas, an estate agent of 8 Rehov Herzl, said only eight to ten clients visit his office daily compared with an average of 40 to 50 before N.E.P. Some 80 per cent of the clients today want to sell.

"A year ago," Mr. Romas said, "clients used to dump money on my desk and say 'Buy anything you like.' Today land prices are way down and there are no buyers."

He explained that the boom in 1950 and 1951 had been caused by rumours of impending devaluation of currency. For example, land near the Reading Power Station in Tel Aviv, rose from IL.900 per dunam in 1949 to IL.4,200 at the time N.E.P. was introduced. That land can now be bought for IL.1,700 to IL.1,900.

The mortgage business however, is thriving. Mr Romas added. Any amount can be easily raised at 12 to 15 per cent.

Money Shortage Felt

Purveyors of all sorts of services were affected by the shortage of money — even doctors. One general practitioner said: "A patient who used to call me whenever he had a slight fever now summons me only after he suffers three or four days with 40 degrees temperature." The physician estimated that he was getting 40 per cent less calls than a year ago.

A dentist observed that his clients had not fallen off. A man with a tooth-ache still goes for medical help. "But," observed the dentist, "patients are not paying their bills."

People are not as well groomed as a year ago, according to other evidence. A barber in Rehov King George, Tel Aviv, said customers who used to come for haircuts every two weeks now come once in six weeks. A similar situation was described by a dry cleaner in Rehov Eliezer Ben Yehuda. "There are pants I used do get for cleaning every two weeks," he said. "Now they turn up once in six weeks. The people try to clean them themselves, or else they go in dirty clothes."

A taxi driver estimated that it now cost 100 pruta per kilometre to drive his cab compared with 50 pruta a year ago. The 40 per cent increase in fares thus did not compensate for the rise in the cost of fuel, spare parts, tyres and labour. That would be bad enough, he said, but the demand has also fallen off by about 35 per cent.

Consequently, some drivers are willing to accept fares for long journeys at prices below the official rate, just to raise cash to meet their overhead expenses. Drivers are now also more willing to take "sherut" passengers. Whereas a year ago many would not park near a bus stop in Tel Aviv for fear that a rush of "sherut" passengers would tear off their doors, they now park patiently and wait in line for the passengers.

THE WORKERS COOPERATIVE LOAN AND SAVINGS SOCIETY LTD.
Bursary Bldg. — Rehov Hehalutz
P.O.B. 971 — Tel. 4391/2
HAIFA
Branches: —
4 Rehov Khayat, Haifa; Beisan, Acre, Kiryat Haim, Kiryat Shmona, Nesher — Tel Hanan, Safed and Kfar Ata.

Haivaah Vehissachon Haifa
Coop. Soc. Ltd.
HAIFA: 31 Rehov Jaffa P.O.B.359 Tel. 4011/4
Branches:
Hadar Hacarmel, Rehov Herzl, Neve Shaanan, Kiryat Hayim, Kiryat Motzkin, Kiryat Bialik, Kiryat Haroshet Tel. 7187.
5% DISCOUNT OF BILLS
DEPOSITS ● SAVINGS ACCOUNTS ● CURRENT ACCOUNTS OPENED.

OTTOMAN BANK
TEL AVIV ◆ JAFFA ◆ HAIFA
JERUSALEM

JACOB JAPHET & CO. LTD.
BANKERS
TEL AVIV JERUSALEM HAIFA

HBU HBU

HOLLAND BANK UNION
TEL AVIV 4 ROTHSCHILD BOULEVARD TELEPHONES 62888, 66847
HAIFA SOVIS HOUSE - TEL. 47814-5 NEW BUSINESS CENTRE
BRANCHES OF THE HOLLANDSCHE BANK-UNIE N. V.
HEAD OFFICE AMSTERDAM
OWN BRANCHES AND CORRESPONDENTS ALL OVER THE WORLD

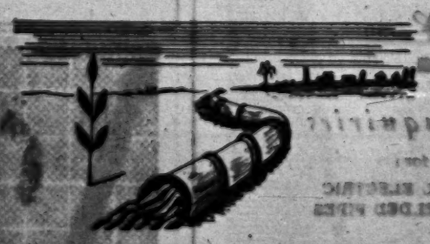
H. BERGER
CHEVRA LEBINYAN Ltd.
Intermediary, adviser and expert on building.
30 years' experience.
Construction and management of houses, intermediary for flats and immobile property.
TEL AVIV
9 Rehov Zamenhoff
Tel. 62254

J. L. Feuchtwanger BANK LIMITED
CONSULT US ON HOW TO REALIZE YOUR "SPERRMARK"

ELLERN'S BANK LTD.
TEL AVIV
JERUSALEM / HAIFA TOWN
HADAR HACARMEL / HAR HACARMEL
NATHANYA / TEL AVIV, Central Bus Station
RAMAT GAN

THE ISRAEL INDUSTRIAL BANK Ltd.
Head Office: TEL AVIV 13 Rehov Montefiore
Branch Office: HAIFA New Business Centre
Established 1933 by THE MANUFACTURERS' ASSOCIATION
ALL BANKING TRANSACTIONS FOR FINANCING AND FURTHERING INDUSTRIAL ENTERPRISES IN ISRAEL

Right of Way to DUGMA CIGARETTES
S. & J. ARANO BROS. LTD.


WATER BRINGS LIFE
As the flow of water to all parts of the country is essential for development and growth, so deposits from individuals are necessary to enable us to lend to industry and agriculture.
Help yourself by gaining security and interest for your surplus money, and thereby help the development of your country.
Enquiries will be welcomed at any of the Bank's eleven branches in Israel:
JERUSALEM (2 offices); TEL AVIV (3 offices); JAFFA; RAMAT GAN; HAIFA; HADAR HACARMEL; ACRE; NAZARETH.
BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

COUNTRYWIDE SERVICE
The Bank's clients enjoy the advantages of an experienced organisation comprising 40 branches in Israel, an Office in London, a Representative in New York and banking correspondents the world over.
The Bank's Branches & Offices:
General Management: 24 Herzl Street, Tel Aviv
TEL AVIV-JAFFA: 20 Branches
JERUSALEM: 4 Branches
HAIFA: 7 Branches
REHOVOT, HOLON, RAMLE, GIVATAYIM, BNEI BRAK, KFAR SABA, HADERA, NAHARIYA, RISHON-le-Zion, BAT YAM, LYDDA, RAMAT GAN, PETAH TIKVA, NATHANYA, ACRE, TIBERIAS, SAFAD
London Office: 6 Gresham St., E.C.2
New York Representative Office: 30 Pine Street, N.Y.5
BANK LEUMI LE-ISRAEL B.M.

Investments
● Trade and Industry
● Real Estate
● Administration of Property
Dr. F. K. Pappe
HAIFA
Economic Adviser and Trustee
Palatric Bldg. New Business Centre
Tel. 3065, Hours: 9-1.30

Foundations of Industrial Export Organisation

Production and Trade On Commercial Basis

By Dr. MOSHE LIWNI
Editor, Israel Economic Bulletin

The New Economic Policy Programme stated inter alia: "The Government has decided on the setting up of a special body to deal with export and its encouragement, similar to the Investment Centre which we previously organized and which has already proved a blessing. We have also decided to establish a special bank for export, which will receive deposits in foreign currency and make credits in foreign currency for export requirements."

In implementation of this programme, the Export Institute has been set up, whilst the Export-Bank project has so far, not been executed.

The Export Institute

The Export Institute, which is incorporated in the Ministry of Commerce and Industry, has first of all undertaken a study of the markets of those countries which may be considered as potential buyers of our export goods. The results of this market-research have been brought to the attention of all interested parties, either through publications or personal contact. Furthermore, importers, wholesale clients and other potential customers abroad have been canvassed by means of informative leaflets, entitled "Israel Exports," which were issued in English and Spanish in many thousands of copies. The Export Institute is also preparing exhibitions abroad and giving expert advice to participating firms. In addition, the Department of Economic Publications of the Ministry of Commerce and Industry is about to publish, on behalf of the Export Institute, an illustrated leaflet called "Israel's Best-Seller," as well as a comprehensive export catalogue.

As the competent authority for the issue of export licences, the Export Institute is not only responsible for the prompt distribution of permits, but must also, in cases of clearing and barter transactions, advise the exporter on the complicated procedure and, at the same time, safeguard the interests of the Israel partner. It determines the replacement-value of each order executed and takes the necessary steps to ensure that the exporter receive this value back in foreign currency, as well as his part of the added value.

Furthermore, the Export Institute issues licences to exporters to allow them to sell export goods locally on the free market, thus making possible sales abroad at competitive prices.

The Institute is regularly consulted prior to the conclusion of commercial treaties, and its representatives participate in trade negotiations with foreign countries.

Thus, the Export Institute has to deal with a variety of tasks of an informative and propagandistic nature, apart from its normal activities as a Government authority. Its functions do not, however, include the opening, conclusion and execution of export transactions themselves. In this way a misconstruction has been avoided which hampered the former Foreign Trade Institute's activities from the day of its inception.

An Early Experiment

In order to understand developments, a glance at previous attempts will be useful. When this writer submitted, in 1936, to the Jewish Agency, the Manufacturers' Association, the Anglo-Palestine Bank and the Palestine Industrial Bank, the first proposals for the foundation of a Foreign Trade Institute, provision was made for two separate bodies under common management, viz. a Foreign Trade Institute, which was to advise all industrial and commercial exporters, to recommend banking connections abroad, to carry out collective propaganda by means of press information, catalogues, posters exhibitions, etc. Its task was not only to advise exporting firms on all prospective foreign markets, but also on proper packing, shipping and insurance.

Apart from this Foreign Trade Institute, whose services were given free of charge, it was proposed to set up a Foreign Trade Company which should, on a purely commercial basis, act as large-scale exporter for a small number of competent export producers in a limited number of specially promising markets. This Company was to submit offers abroad under its own name and to accept orders for its own account; it would, if necessary, grant advances to producers for the purchase of raw materials, supervise the prompt execution of orders, examine the goods, arrange for expert packing and undertake insurance and shipment in collective transports. The producer was to be paid by the Company upon examination and acceptance of the goods. The intention was to free him completely from the technical difficulties of conducting export business, so that he could concentrate on the production and prompt delivery of quality goods in conformity with samples. The Foreign Trade Company was to finance its own administrative expenses through its business transactions.

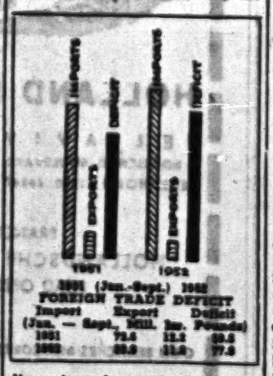
When the Foreign Trade Institute was eventually established in 1937, the founders were only able to allocate a small initial budget, intended to cover the needs of both the Institute and a Foreign Trade Company. This misconstruction was not corrected, not even later when the Institute, especially during World War II showed quite a substantial yearly turnover. The only adjustment which the management could obtain was the transformation of the Foreign Trade Institute into a Limited Company, with a very small nominal capital. The Institute was moreover forced to combine an unpaid promoting activity with the conclusion of transactions involving credit risks for its own account. It had to work for efficient as well as for weak firms, in a number of countries irrespective of business prospects.

Lessons from Past Experience

When the war boom subsided the Institute's turnover suffered a setback, and its income from commissions was reduced. The modest subventions by the sponsors were insufficient to cover the expenses incurred by the organization here and abroad.

The State of Israel was unwilling to take over the Foreign Trade Institute, and it was liquidated in the autumn of 1948. The first experiment made in Jewish Palestine towards a systematic encouragement of industrial exports was terminated. The good-will and practical experiences gained by management and staff in the course of eleven years' hard work in Palestine and abroad, were lost. However, several hundred manufacturer's of all branches had been made export-minded.

The organizational problems encountered in promoting and financing exports have remained substantially the same; only the



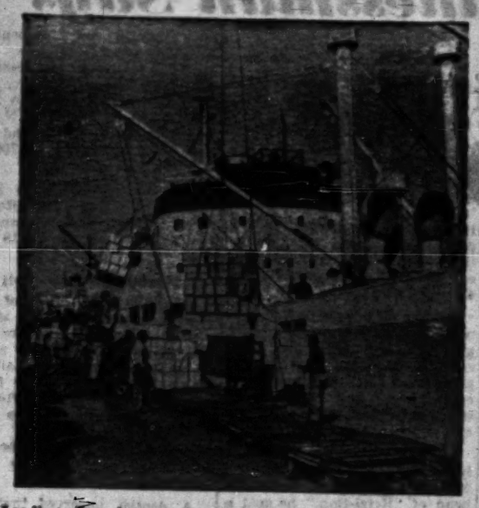
FOREIGN TRADE DEFICIT

	Import	Export	Deficit
	1951 (Jan.—Sept.)		
	1952 (Jan.—Sept.)		
	Mill. Lm.		Pounds)
1951	72.6	12.2	60.4
1952	89.0	11.8	77.2

dimensions have changed. Exports from the sovereign State of Israel can and ought to be in quantity a multiple of what was shipped by Mandatory Palestine without any Government assistance, and sometimes even in the face of Government opposition. While the proceeds from our exports were of no practical significance for the foreign currency account of the British Empire, the net income from our exports must in the course of the next few years be such as to ease our foreign currency position.

The first conclusion to be drawn from this past experience is, in the opinion of this writer, the need for a Foreign Trade Company, apart from the State Export Institute. That company ought to dispose of sufficient funds in Israel Pounds and foreign currency, in order to be able to engage in business transactions for its own account and to obtain, through systematic and coordinated work, large-scale orders from abroad. It would undertake to relieve export producers of all difficulties and risks involved in the execution of such orders, on the following conditions:

Firstly, that the prices offered were calculated on the basis of an expert rock-bottom calculation for mass-production, and not, as was sometimes the case with the F.T.I. (by industrialists would launch a first "trial" offer at exaggerated prices and after an order had been lost to a



Loading citrus for export at Haifa Port Photo by Schlesinger

competing country they would say: "Had I made an exact calculation, I should have been able to offer a competitive price with so big an order at hand."

Secondly, that only quality goods should be delivered, in exact accordance with samples, and at the stipulated date.

Thirdly, that, as far as technically feasible and with agreement of the General Federation of Jewish Labour, a bonus system is to be introduced in enterprises working for export, thus arousing the workers' interest in export orders and at the same time increasing the rate of production, always on condition that the agreed quality of goods is maintained.

A Foreign Trade Company with sufficient funds and working efficiently on a strictly commercial basis, could doubtless contribute considerably towards an increase in exports. It would not, however, solve the problem of an organized influx of foreign capital into our export economy.

Foreign Investments Needed

Let us suppose that a Foreign Trade Company on these lines were already functioning. What would still be missing?

There is first of all the supply of raw material to industry for the execution of export orders. As long as the State, due to its acute shortage of foreign currency, is unable to put the necessary currency at the producers' disposal in good time, there will always be the danger that for lack of raw materials, large-scale orders can either not be accepted at all or, which is still worse for our good name abroad, such order are delivered with considerable delay or not at all

The same is the case with regard to the supply of spare parts for existing machinery, or the replacement of obsolete equipment. There may also be cases where, for export reasons, existing equipment will have to be changed or increased.

Foreign investment does not, however, only mean supply of foreign currency. Such items as licences for foreign patents, drawings, production processes, models, casting moulds for the metal and plastic industries, dies, etc., all the elements of the so-called "Know-how," must be acquired systematically from abroad if we want to participate in the international race. There is reason to believe that many foreign manufacturers who for one or another reason still hesitate to invest money in Israel, may be induced through convincing arguments to invest such "Know-how" items in Israel's export industry, again, of course, on a commercial basis.

To a smaller extent, such manufacturers may also be willing to entrust their production for the Near and Middle East to an Israel firm. This applies mainly to cases where such an arrangement would effect considerable saving of transport cost, or in other cases where quick deliveries are stipulated. The Israel firm would then either carry out the whole manufacturing process, or use semi-finished foreign products. In this way we could pay with our export goods such countries as Turkey, Persia, India, and Ethiopia which could supply a substantial part of our raw material requirements.

Export Trusteeship

In order to channel such investments from abroad into our export industry, it will be necessary to organize the various ramified activities in Israel and abroad. In the first place, it would seem to be the Investment Centre's task to find out what export producers wish to obtain long-term credits or participations. The Export Institute would then have to give its opinion as to the export chances of the firms in question and the Investment Centre would transmit such investment possibilities to foreign interested parties, accompanied by all the necessary information. It is to be expected that a number of such prospective foreign investors will be prepared to grant long-term credits or to participate in existing enterprises, but are either not in a position or not willing to come to Israel to safeguard their interests there. For such investors, the Investment Centre should recommend special Export Trustee Companies whose task would not be limited to a formal trusteeship, but would entail expert supervision of the enterprises in which the entrusted capital has been invested. There might also be interested parties abroad who would prefer to acquire shares or debentures of such Trustee Companies instead of investing in an individual enterprise. It will, however, always be understood that as long as foreign currency control is in force, there will be a guarantee that interest and any other payments agreed to by Government beforehand will, at the investor's demand, be paid abroad in the same currency in which the investment was initially made.

Since the export economy can only benefit from such investments, it would seem that the same bank which collects the export proceeds in hard currency on behalf of the exporter, the producer, or the proposed Foreign Trade Company, should be authorized to remit, without special Government permits, such contractually agreed payments to the foreign investor out of the foreign currency account of the exporting firm.

The Foreign Trade Company may play yet another important part in the attraction of foreign capital. If it is successful, it will in the course of time become possible for it to sell abroad increasing amounts of its shares or debentures. This, however, can only be expected if a truly efficient export industry can be created in Israel. If World Jewry's readiness to place their orders with this industry on a strictly commercial basis, is adequately encouraged, and last but not least, if foreign investors can be convinced that Israel's export economy is a going and paying concern, a sound and trustworthy business.

Mysterious Index Numbers

By Alfred FEUCHTWANGER

The following article by the Managing Director of Jacob Japhet & Co., while based on several controversial assumptions and data, is a typical expression of a widespread critical attitude towards the present system of computing the cost-of-living index and its impact on the national economy. — Ed.

One of the least pleasant phenomena in the sphere of our economic problems is the so-called index. In the world at large, "index" means the recording of changes of a certain standard within a certain period by means of numbers. The meaning of our present index number of 178 is hardly comprehensible without sophisticated elaborations. Not everybody realises that the number 178 relates to the price-basis of September, 1951 which is 380 against the pre-war price basis of 100, calculated itself is quite an unrealistic fashion. According to this calculation, the present index number would be 665, or nearly seven times the pre-war price level, a figure lacking, of course, all sense of reality.

A simple and easily-understood computation will show that the true index is the 20-fold of pre-war prices. By far the greatest part of the working population earned in the year 1939 between LP.6.- and 12.- per month, and the same part of the working population earns today between IL.120- and 240.-. Moreover, before the war between 25% and 30% of these amounts had to be paid for rent, leaving a monthly net income of LP.4.- to 8.- for the majority of the population. Assuming that prewar rent together with local taxes has in the average trebled, then the present net income (after deduction of rent) moves between IL.120.- minus IL.6.- = IL.114.- and IL.240.- minus IL.12.- = IL.228.-. Consequently the spending power — after deduction of rent — has increased 23 times as compared with pre-war prices.

Unreal Price Structure

The quite inestimable damage caused by our former unrestrained inflationary policy, which was aimed only at momentary alleviations, produced such a discrepancy in the price structure that our somewhat unstable economic equilibrium of 1939 has fallen to pieces to a much greater extent than warranted by the ingathering of 700,000 exiles and the simultaneous emigration of some 800,000 residents. If in the year 1939 the Yishuv of 450,000 people managed to live with a total yearly subsidy of £2m., we should be able to manage today, even with the international living standard raised three times, and a trebled population, with about £125m. In fact we need double the amount.

Our first task now is therefore to re-introduce a price structure corresponding to the more or less sound one of the year 1939, and to take as our basis the true index, which we attempted to establish above.

How far from this true index we are at present, is shown in the following table:

Present prices compared with 1939 prices.)

Wheat	4 times higher
Sugar	12 " "
Petrol	31/2 " "
Clothing (average)	12 " "
Meshek-eggs	13-15 " "
Vegetables	30-40 " "
Services	20-30 " "
Court fees	pre-war

Selected at random, this list reveals the following trends:

1) Services alone have kept pace with the income.

2) All fees charged for government services remain far below the income increase.

3) Prices for scarce products of the free market exceed the average price increase.

Without going into the matter at greater detail, it seems that here we find the reason for the failure of the popular slogan "Lower the standard of living" as well as the reason for the disarrangement of the government budget. The situation caused by our present price structure forces the surplus purchasepower on the uncontrolled market and to targets unattainable under pre-war conditions.

Unattainable Target

If the Government would charge for its monthly foodimport, amounting to $6m., the rate of IL.1.- for the dollar instead of 350 Prutot, its revenue would increase by IL.4m. per month or IL.48m. per year, and the whole problem of balancing the budget would find its simple solution.

What speaks against this suggestion? The index, of course. The situation compares with a profitable business deal, rejected because of the high tax payable thereon. The measures advocated here would not at first result in a rise of the index by a few points, but would make it clear to the population once and for all that, considering the 20-fold increase of the average income, the essential restoration of normality must be effected.

The truth about the index requires a ten-fold increase of pre-war prices of government-performed services, but in the first place a rate of IL.1.- the dollar for import purposes, in spite of the doubts as to repercussions on foreign liabilities.

These measures would result in the speedy restoration of a balanced government budget, a relaxation in the money market, and a recession of the pressure on uncontrolled markets. The desirability of all such developments cannot be underestimated.

חברה קבלנית לבנין
אברהם אביר (ביברמן)
בע"מ
ABRAHAM ABIR (BIBERMAN) LTD.
BUILDING CONTRACTORS
3 Rehov Agrippa, Jerusalem
Tel. 2855

Union Insurance Society of Canton Limited.
EST. 1835
for PERSONAL ACCIDENT INSURANCE
AGENTS & ATTORNEYS IN ISRAEL
UNITED INSURANCE AGENCIES LTD.
PHONE 6260 3, ARLOZOROV ST. TEL AVIV

For Your New Economic Policy
an
Insurance Policy
with
MIGDAL
INSURANCE COMPANY LTD.
REDUCTION of Life Insurance Premium FROM INCOME TAX
For the year 1952/53 is allowed till March 31.
Ask For Our Special Terms

JORDANIA
JORDAN INSURANCE COMPANY (ISRAEL) LTD.
All Classes of Insurance Transacted
FOR DETAILS SEE YOUR LOCAL AGENT

Fireman's Fund
Insurance Company
Head Office: San Francisco, U.S.A.
Marine — Fire —
Burglary — Comprehensive — Insurance
GENERAL AGENTS AND ATTORNEYS FOR ISRAEL
SECURITAS
INSURANCE OFFICE FOR COMMERCE & INDUSTRY LTD.
HAIFA
39 Rehov Hanamal, P.O.B. 1266, Tel. 2283
TEL AVIV
23 Rehov Lilienblum, P.O.B. 1701, Tel. 5190

PALESTINE AFRICA
BINYAN
INSURANCE CO. LTD.
All Classes of Insurance
TEL AVIV ◆ HAIFA ◆ JERUSALEM
REHOVOT ◆ PETAH TIKVA ◆ NATHANYA

GOLDSTEIN BROS.
HOUSING & DEVELOPMENT CO. LTD.
Ramat Gan, 46 Rehov Street, Tel. 7261
Builds and sells flats, shops and offices in Cooperative Houses and undertakes popular housing schemes.
Special facilities for buyers whose relatives abroad pay in hard currency.
Carpentry, forksmithery, tiles, etc. are produced in our own factories.

Export Enquiries
Invited for:
LONGITUDINAL ELECTRIC RESISTANCE WELDED PIPES
◆
3½", 4½" & 6⅝" O.D.
◆
.156" — .188" WALL THICKNESS OR ACCORDING TO SPECIFICATIONS
◆
30' — 40' LONG.
◆
COMMERCIALLY PROTECTED AND HYDROTESTED.
מפעלי
צנורות המזרח התיכון בע"מ
Middle East Tube Co. Ltd.
P.O.B. 750 HAIFA. Cable Address: MIDTUBE HAIFA

In 1952 too
HASSNEH WAS AHEAD OF ALL INSURANCE COMPANIES IN ISRAEL
HASSNEH
THE LARGEST INSURANCE CO. IN ISRAEL

SPECIALIZED in SERVING
COMMERCE and INDUSTRY
All kinds of Insurance including Loss of Profit, Replacement Policies, Cash in Safe and in Transit, Public Liability, Workmen's Compensation, Marine, Travel-Accident-Insurance, Motor Cars.
POLICIES AT LLOYD'S
MERCHANTS & MANUFACTURERS INSURANCE CO. LTD.
THE ISRAEL PHOENIX ASSURANCE CO. LTD.
MISRAH
INSURANCE SERVICE
Frau e Steinweg
51 KING GEORGE V STREET FEUCHTWANGER BLDG. 37 KINGSWAY
TEL AVIV ◆ JERUSALEM ◆ HAIFA
5161 5675 4773

ASPECTS OF FISCAL POLICY AND TAXATION

By Dr. Arthur BERGMANN
Director of Inland Revenue

In the week preceding the proclamation of the State of Israel, the late Eliezer Kaplan, the first Minister of Finance, had to summarize the budget expectations for the State's first fiscal period. Some leading officials of the Mandatory administration (specialists who did not participate in the anti-Zionist vagaries of 1946-1948) had expressed the belief that 250,000 Pounds monthly was all the State could hope to collect. More optimistic views of Jewish financial experts estimated the revenue from fiscal sources at a maximum of 400,000 Pounds per month.

Our target figure — IL.1m. per month for the end of 1948 — was considered by virtually everybody, except Eliezer Kaplan himself, a wild exaggeration. Kaplan urged immediately to raise our sights and considered it possible for customs and excise duties to yield about nine millions during the State's first fiscal period, whilst income tax and other direct taxes should yield more than four millions.

The results of 1948/49 vindicated Kaplan's belief, and contributed to his basic thesis that, notwithstanding the heavy burden of defence costs and of mass immigration, the entire civilian and defence budget could be balanced by 1951. Looking back over the five years 1948-1952, Eliezer Kaplan's foresight is not less to be admired than his steady and unswerving adherence to the target of a balanced budget.

Direct and Indirect Taxation

If the various forms of taxation were ranked according to the "social injustice" (regressivity) of their effects, inflation would rank in a class of its own, as the most unfair tax on everybody but the owners of tangible property.

Indirect taxation is less objectionable than inflation as a means of supplying the requirements of the Government budget; but as it falls indiscriminately on all consumers, it does not admit (even with the graduation introduced by the State of Israel) of a distribution of the burden according to ability to pay.

The fiscal policy of May 15, 1948 was aimed at a radical change of the Mandatory Government's system; it intended to divide the growing burden equally between direct and indirect taxes. We never expected this change-over to be quickly accomplished; the fact that in 1952/53 direct taxes yield almost 50 per cent of the total fiscal revenue, may justly be claimed as a success for stubborn adherence to a principle. But it would indeed be rash to claim anything more than a *temporary* success. Important interests desire a reversa' of the trends. A change of this nature in the budgetary atmosphere may *precede* a shift in political power; it may be its cause, not its result.

The following Table 1 indicates the trend towards an equitable distribution of the burden: Fiscal receipts show a rise (from 35m. in 1949/50 to almost 140m. in 1952/53) which is not merely proportional to changes in money values. Government taxation now takes a larger share in the national income than in 1949/50. But this share is represented, to an ever increasing degree, by direct taxation. Income tax alone which accounted for only one quarter of fiscal receipts in 1949/50, now runs at more than 42 per cent; almost a revolutionary change — if it can be maintained.

> In this limited field, at least, the basic targets of the New Economic Policy have been approached. If not reached: The continuous depreciation of the currency had discouraged the formation of capital by voluntary saving of excess money income; and the increased share of income tax in fiscal receipts at least reduced the inflationary effect which heavy budget requirements exerted upon the economy in the course of 1952.

Table 1: The Share of Direct Taxes in the Total Fiscal Burden
(In IL.million)

	1948/49	%	1949/50	%	1950/51	%	1951/52	%	1952/53 (Budget estimates)	%	1952/53 April-Dec. actual receipts)	%
Total fiscal receipts (a)	15.195	100.0	35.581	100.0	55.310	100.0	89.682	100.0	138.809	100.0	88.602	100.0
Income Tax	4.080	26.8	9.341	26.3	18.786	33.9	32.040	35.7	47.—	33.9	37.105	42.1
Other direct taxes (b)	1.158	7.6	2.987	7.1	4.382	7.9	5.314	5.9	7.800	5.6	2.822	3.2
Total direct taxes	5.238	34.4	11.878	33.4	23.159	41.8	37.363	41.6	54.800	39.5	39.927	45.4

(a) Total fiscal receipts are equal to Ordinary Revenue, excluding "Collections on accounts of Government Property and Loans" and "Miscellaneous Revenue."
(b) Other direct taxes comprise: Urban and Rural Property Tax, Land Transfer Fees and Land Values Improvements Tax, Estate Duties.

Redistribution of Tax Burden

Violent attacks upon the income tax as such were bound to follow its success in redistributing the fiscal burden. However important the administrative mistakes (and in a new country, even banks cannot avoid making mistakes), the trend of income tax collections, the success of the underlying policy, must induce opposition on the part of the economic groups affected.

To extract IL.56m. is a difficult job at the best of times; in 1952/53, the rise by 70 per cent in tax collections (and the corresponding fall in the relative burden of indirect taxes) coincided with, and accentuated, the shortage of money which the new policy set out to accomplish.

Pressure of taxation upon groups long accustomed to a plethora of money thus increased during 1952 to a marked extent; and with the rising pressure, the activity of pressure groups against the system of 1948 was bound to increase. Sometimes, successes scored by these groups are plainly visible and even cause some reaction, for instance, among cinemagoers.

But it would be wrong to assume that there are only a few small groups of interests fighting against the fiscal policy. The attack now ranges over a broad front.

JACOB'S DREAM — 1953

If the share of direct taxes in the fiscal revenue shows a continuous rise, the Government budget is likely to cause a transfer of economic means to the "have-nots". This effect of a strongly progressive taxation can never be wholly avoided, whatever the social effects of the expenditure budget; and (as in England during the fateful years 1939-1950) the budget becomes a means of income redistribution. A budget based on direct taxation can also be more easily balanced, and is, in most cases, a bulwark against inflationary financial policies. However restricted the economic knowledge of the voter, he knows that real wages are reduced by inflation and will prefer direct taxes to the unfair effects of inflation.

Workers' Interests

The attack against the "hard" financial policy will probably use the slogan of protection of the worker's interests. It may seek to convince the worker that the income tax falls more heavily on him than on other classes and that (apart from indirect taxes) a poll-tax (equal to all inhabitants) would be a means of relieving the burden. At the same time, efforts may be made to abolish the graduated scales of indirect taxation (e.g., to reduce the duty on expensive cigarettes, whilst raising the rate on the popular brands.)

The increasing share of workers and salaried employees in income tax collections has been persistently stressed in a newspaper campaign — based on correct calculations. The thesis that the income tax falls disproportionately upon wages and salaries used to be put forward, in the past, by the revolutionary left; but this situation seems to change rapidly. The tax collection figures in Table 2 indicate that — as was to be expected during a period of violent rises in money incomes — the share of wages and salaries rose in 1952; but the rise was relatively small and could easily be balanced by the normal fiscal devices; for instance, exemption of two-thirds, instead of one-half as at present, of the cost-of-living allowances. Such relief has in fact been proposed repeatedly — and with little success — by some Treasury officials.

> If a return to inflation could be avoided only through a tax on wages and salaries, such tax should be introduced. However, a relatively slight adjustment will be sufficient to reduce the share of wages and salaries in the income tax to the proportion of the years preceding the New Economic Policy, or below it. If it is desired to reduce the share of wages and salaries—during the transition from inflation to deflation— a political decision is required: the income tax system as such can easily be adjusted to either of the possible decisions on social policy.

However, public life in Israel is full of strange contradictions. The same groups who complain about the rising of the tax deducted from wages and salaries, oppose proposals to reduce that share by the established means within the framework of the existing law until a more balanced result can be reached; that is, until the difficulties of the transition period are over. The contradiction is, of course, due to the pressing need for more cash; a reduction in the tax deducted at the source immediately affects current revenue.

Tax Collection

If, however, the burden of tax on the workers and salaried employees is rising or at least not falling, this is due to the political decisions. The greater or lesser energy applied by the administrative staff has little to do with the result of tax collections from wage earners.

> Virtually the entire staff of tax administrators is employed in the assessment and collection of tax from the self-employed, whilst most of the work on wage earners is done, free of charge, by the employers. But there seems to be little use in stating this fact.

According to our laws (as to all laws based on the English model), the current tax of the worker is based upon his current earnings. The tax of the self-employed is based upon the earnings of the preceding year. During inflation this time-lag confers heavy benefits upon the self-employed and imposes heavy stresses upon tax collections; in a disinflationary period, the tax administrator catches up slowly but surely, with the "legal arrears" of the self-employed.

Thus, during a period of *falling* profits (as 1953 might be) the tax liability of this most important group actually rises; and the about 28 million pounds expected to be collected during 1952/53 from the "self-employed" group represents less than one year's tax liability.

> In 1951/52, less than IL.16 million was collected from the "self-employed" group; a comparison of the two figures, IL.16, and IL.28 million, indicates the pressure of tax liability upon falling profits; it also indicates the trend of income tax collections and of the share of the various social groups.

Table 2: Share of Wages and Salaries in Income Tax Collections

	Wages and Salaries IL.m.	% of total	Other Sources IL.m.	% of total	Total IL.m.
1949/50	4.462	47.9	4.858	52.1	9.320
1950/51	8.462	44.7	10.386	55.3	18.781
1951/52	15.267	48.0	16.722	52.0	31.989
1952/53 (April-December)	20.194	54.4	16.913	45.6	37.108

In the field of indirect taxation, the relative fall in the importance of consumer taxes has been accompanied, since May 15, 1948, by a trend towards "social" graduation. Thus, until 1948, the excise on tobacco, inherited from the Mandatory Government, was equal for all brands of cigarettes. From its first steps, the fiscal policy of the State has tended to stress the luxury character of the expensive brands, by differentiation in the rates of duty.

From equal rates on May 14, 1948, the tobacco duty has been developed, until now the ratio of tax rates is 5.5:1; the expensive brands now pay more than five times as much as the cheaper ("Lakol") cigarette. This important fact (which not every consumer will consider as an accomplishment) is concealed by the wide variation in prices; but whilst the rate of duty on the cheapest brands is now 40 per cent, as against 63 per cent on the most expensive Virginia cigarette, duty is levied at the ratio of 40 to 227 pruta per packet.

This system, of course, imposes a burden upon the manufacturer as well as the consumer, particularly during a period of tight money; resistance to it is growing.

Balancing the Budget

If indirect taxes could be levied, not at uniform rates, but according to ability to pay, the social importance of the distinction between direct and indirect taxes would disappear. No indirect tax could be entirely proportional to the consumer's ability to pay; but with increasing *differentiation* in the rate, the regressive effect of the indirect tax would be partly eliminated.

Thus, a budget based in equal parts on direct and indirect taxes *might* distribute the burden fairly between all economic groups; and, provided the principles of the fiscal policy of 1948 are adhered to, the aims of the New Economic Policy will be furthered by the Revenue side of the budget.

Since February 13, 1952, the State Budget has undoubtedly made some progress towards solvency. However, the State cannot rely indefinitely on loans, or grants, from friends abroad to cover its foreign exchange deficit. In the same way, State finance cannot go further than its actual internal revenue permits. Governments, as citizens, must live on what they can earn; in addition, they must provide a surplus fund for investment or as reserve. Inflation, whether "controlled" or "runaway," does the opposite: no sound financial policy is possible if the current depreciation of the currency is concealed by controls. Sooner or later the price mechanism will reassert itself; and then everybody will know what his money is really worth.

The deterioration of the State's external finances will be checked only when internal inflation and its causes are first checked; Government finances must be kept in proper order. If the New Economic Policy is to fulfil its purposes, it continues to require the support of a hard budgetary policy.

To produce a balanced budget for 1952/53 was very difficult; whatever the developments of the last two months of the budgetary year, the State is now at least within striking distance of actual balance. But there is very little personal saving; internal loans can supply but a fraction of the needs of the Development Budget and can certainly not cover a deficit on current account. A rise in the price of most commodities has been accompanied by a check of the growth of personal incomes. Increased taxation rates, as well as attempts to increase taxation yields substantially without increasing rates of tax, may defeat themselves within a fairly short period: Government cannot continue to ask for a higher share from stable, or dwindling, wage incomes, particularly not during a period of rising costs of essentials.

> It is evident, therefore that expenditure budgets of both central and local authorities must be curtailed. There is certainly a danger that during the transition the Government budget will be unable to fulfil its functions as instrument of planning, but at a time when current cash obligations are not punctually met, the higher functions of the budget must be relegated to second place.

The new budget is unlikely to bring the expected overall relief from taxation. With the national income falling or, at the most, stable the same nominal amount of taxes represents a higher burden. Before the burden can be reduced, expenditure must be cut down, and cut down sharply.

> This is not an attractive outlook; but the budget is not a mechanism for the distribution of benefits. The survival of a sovereign state during a period of crisis may depend on the state of its internal finance.

"BERGMAN"
Electric Conduit Tubes
•
"VOLTA"
FACTORY OF ELECTRICAL MATERIALS LIMITED
P.O.B. 1345, HAIFA, TEL. 3032, 7168

AFRIDAR
represents South African Jewry's participation in the building of
GREATER ASHKELON
Several hundred houses, a community hall, offices, shops and workshops either completed or under construction.
★
Large and small industries as well as seashore development actively encouraged.
★
For details apply:
AFRIDAR HOUSING CORPORATION LIMITED
109 Rehov Hayarkon, Tel Aviv.
P.O.B. 3060 • Tel. 4719

American Capital
joins hands with the productive and pioneering forces of Israel in opening up new frontiers for investment through
AMPAL
American Palestine Trading Corporation
Leading American Investor in Israel
Visit our offices at:
Ampal House, 17 East 71st St., New York N.Y. Tel.: TR - 97020
21 Montefiore St., Bank Hapoalim, Tel Aviv Israel. Tel.: 66790

MEKOROTH WATER CO. LTD.
ACTIVITIES:
Detecting and harnessing of surface and underground water sources.
•
Construction of urban and rural waterworks in all parts of the country, to supply water for domestic, industrial and agricultural use.
Transformation, through developing local water sources or utilizing distant supplies, of arid areas into fertile lands, thereby promoting close settlement on the land and increasing the country's absorptive capacity.
Rendering the vast expanses of the Negev fertile by bringing water to them, thus preparing the establishment of new settlements for new immigrants.
Initiating the establishment in Israel of steel and concrete pipe factories (Yuval-Clad Pipe Manufacturing Co. Joint-Pipe Import Factory).
THE NATIONAL WATER COMPANY OF ISRAEL

FRIONOR
COD — HALIBUT — SAITHE
FROZEN FISH FILLETS

NEWEST PRODUCT OF NORWAY'S OLDEST INDUSTRY
In world-wide distribution

WORLD'S LARGEST SELLER

MOBILOIL
In the Service of the Country
Mobiloil
Socony Vacuum Oil Co. of Israel Ltd.

WAGES AND THE NATIONAL INCOME

By HAIM NAHSHON
Histadrut Statistician

The total number of earners in Israel at the close of 1951 was estimated at 560,000. This figure included 15,000 unemployed. We may assume that the number of earners increased in the course of 1952 to a total of 580,000. The retarded pace must be ascribed mainly to the decline in immigration, as compared with previous years. If we deduct the 15,000 totally unemployed, the number of those gainfully employed aggregated about 565,000.

In the course of the February-May 1952 period, 12,000 persons who had not previously appeared in the labour market registered with the Labour Exchanges. From June onwards, no statistics have been published for the new registrants at the Labour Exchanges. The number of adults seeking employment of juveniles under 18 years who registered with the Juvenile Labour Exchanges, and of persons independently employed, may, upon a conservative estimate, be assumed to have totalled between 20,000 and 22,000.

Statistics of the Histadrut show that its membership included 341,000 earners in the month of October, 1952. Together with the number of gainfully employed juveniles, the total stood at 380,000. Assuming that the proportion of employees who are members of the Histadrut may be set as 80 per cent of the total, we arrive at an aggregate of 480,000 employees, inclusive of the cooperatives and the agricultural settlements.

According to another estimate, there were 272,000 employees at the close of 1951, exclusive of the workers' settlements. In the course of 1952, the number of persons seeking employment rose by 15,000. Taking into account the number of persons who left the country permanently, we arrive at 380,000 employed earners. To this figure we must add the number of those gainfully employed in the workers' settlements and cooperative enterprises making a total of 445,000 employees in addition to approximately 135,000 persons independently and gainfully employed.

Employees' Share

The total earnings of workers in 1951 have been estimated at IL.266 million, besides "transfers" totalling IL.22 million (Provident and Pension Funds, IL.6 m., Parallel Sick Fund Dues, IL.2m. workers' compensation, vacation allowances, birth allowances, and margin for error in the estimate of workers' earnings).

Thus the total income of wage and salary earners in 1951 may be placed at IL.288 million. The income of workers' settlements and cooperatives amounted in our estimate to IL.50 million.

What were workers' total earnings in the course of 1952? To arrive at a reliable estimate is by no means easy, and we shall have to base our calculations upon other statistics available.

The official cost-of-living index rose from 100 in September 1951 to 113 in January 1952 and 178 in December 1952. The average rise in the cost of living index for the year 1952 is thus 82 per cent compared with September 1951 (=150). If we now examine the percentage increase in the payroll of industry in 1952, we arrive, according to the new industrial index, at the following figures for the contribution of industry towards the workers' aggregate earnings.

The index for the number of workers employed in industry shows a decline of four per cent as compared with December 1951 which provided the basis for the monthly index of industrial employment. On the other hand, the average daily wage per worker rose by 39 % as compared with December 1951, whereas the total workers' payroll rose by only 35% in the same period.

In view of the fact that the rising cost-of-living allowance constituted the main factor in the fluctuations of workers' earnings in industry, the calculation of the increase in the payroll must be based, not on earnings in December 1951, but on the average earnings of 1951.

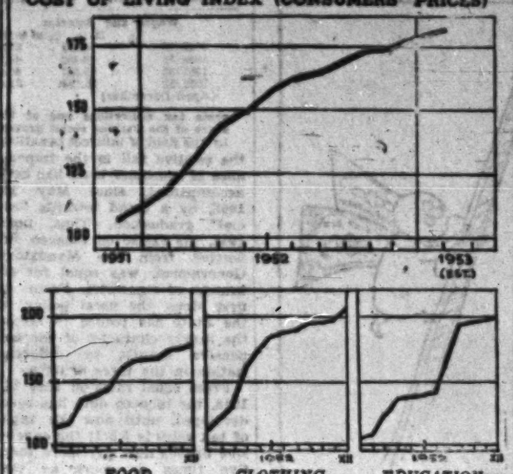
The difference between the average cost-of-living index for 1951 and that for December 1951 does not exceed 10 per cent: taking into account an additional increase of ten per cent in the payroll of industry and a further increase during the October-December 1952 period (at least 5 points), we arrive at an average increase in the workers' payroll of 50 per cent, as compared with the payroll for the previous year.

In the building trade we can base our computations on the fact that construction for residential purposes dropped by 15 per cent in January-September 1952, as compared with the same months in the previous year.

Taking this into account we can estimate that the payroll of the trade rose by 40-50 per cent in the course of the year.

In clerical occupations, the average monthly salary rose from IL.48-60 to IL.120-140. Thus the average increase in salary in this cate, y was 90-85 per cent in the course of, 1952.

COST OF LIVING INDEX (CONSUMERS' PRICES)



Index of Employment and Wages

1952	Per capita daily income of worker	Payroll per worker	Index of Man-days	Index of Workers	Real Daily Wages per Worker
January	102	103	100	101	97
February	113	110	97	95	100
March	119	114	96	96	99
April	129	122	93	95	103
May	143	144	99	98	103
June	140	142	99	97	101
July	134	142	94	98	102
August	161	148	93	94	105
September	170	157	93	93	108
Jan./Sept. Average	139	133	95	96	101

We may accordingly summarise as follows:

1. To all intents and purposes, the number of gainfully employed persons did not change in 1952 in comparison with the previous year, while the workers' payroll rose by fifty per cent.

2. The average earnings of wage-earners and salaried employees — both male and female — rose from IL.540 in 1951 to IL.1,200 in 1952. Thus the total earnings of 340,000 employees receiving wages or salaries was IL.400-410 million. Inclusive of "transfer" incomes, the annual income of labour in 1952 totals IL.450-460 million, compared with IL.260 million in 1951.

Real Wages

The question of real wages is the subject of considerable controversy.

In attempting to establish the level of real wages on the basis of the monthly cost-of-living index, based upon September 1951, we must first of all place on record changes in habits of consumption registered during 1951-1952.

The amount of meat consumed by the standard family of four persons declined from a monthly average of 7.5 kilograms in August 1939 to 2 kilograms of frozen meat and 1.9 kilograms of poultry in 1949. In the years 1950-1952 this quantity underwent a further decline.

The consumption of eggs, too, is smaller today than it was in 1939. As against this, however, we must note a rise in clothing standards, improvement in housing conditions, the extension of public services, such as education (which is free), in addition to conditions of full employment which existed up to 1952.

Lower Standard

There is no doubt that a decline in the standard of living was noted in 1952, as compared with 1950/51. The consumption of meat and eggs, for example, decreased, while difficulties in production had repercussions in the field of employment. At the beginning of 1952 the greater part of workers' earnings derived from the basic wage rate. By the end of the year, with the rise in the cost-of-living index, the importance of basic wages declined. Should prices continue to rise, basic wages will drop below the 40-45 per cent they constituted of the worker's earnings at the close of 1952. Here we have one of the causes of the decline in the real value of the cost-of-living allowance in the past. We may therefore conclude that under conditions in which the basic rate is frozen and prices continue to rise, only an increased cost-of-living allowance will preserve the real value of the workers' income.

The statistics given in the above Table for the real wages of workers employed in industry prove that there was no rise in earnings in 1952. We must bear in mind that in calculating the cost-of-living index, the rise in commodities and quantities not supplied at official prices is only partially taken into account. But if this factor is reckoned with, it must be assumed that standards of living declined in 1952, as compared with 1951.

All these developments in the sphere of wages must be ascribed to the introduction of the New Economic Policy. The general rise in price levels and, as a result, of the cost-of-living allowance, was the direct cause of a rapid spiralling of the annual turnover of wages.

Concurrent with the rise in prices, a policy of restriction of credit and of the allocation of cheap foreign currency was pursued, leading to a contraction in economic and financial activity, with all the concomitant features of a process of deflation.

According to a statement made by the Minister of Finance, prices will continue to rise throughout 1953, especially in respect of those commodities for which a lower rate of foreign exchange is allowed. In other words, we may expect a further deterioration in the present economic situation.

It is a truism to say that the economic structure of Israel calls for an expansion of agricultural and industrial production, but no prospect of economic recovery can be entertained without increasing initiative on the part of public factors in directing earners to more productive channels. It is the opinion of the present writer that no transfer of earners from non-productive to productive occupations is possible without such constructive and coordinated assistance on the part of Government, Municipalities Jewish Agency and Histadrut.

The lesson to be learnt from last year's experience is that deflationary policy alone does not lead in this direction.

Level of Nutritional Values

By Dr. K. GUGGENHEIM
Lecturer in Nutrition

For some time already, the influence of the austerity regime on nutritional conditions of the population has been the source of grave concern in many responsible quarters. It was therefore with great expectations that interested circles looked forward to the report "Level of Nutrition in Israel, 1951" (published by the Central Bureau of Statistics and Economic Research.)

The 1,002 families investigated in the spring of 1951 represented a true cross-section of the whole wage-earning population. The statistical material on food consumption was submitted for analysis to Dr. Sarah Bavly, Head of the Institute for Nutritional Guidance of the Ministry of Commerce and Industry, a well-known worker in this field in Israel.

The main results of this food consumption study can be summarized as follows:

1. Some foods such as milk and milk products, meat, chicken, eggs, white bread, cakes, and citrus fruits, are consumed in greater quantities as the economic level rises.

2. Another group of foods, such as flour, noodles, beans, rice, sugar, jam, margarine, frozen fish, shows a more or less equal consumption through all economic groups. The consumption of these foods is levelled out for all classes, partly because they do not exert a special attraction to warrant their procurement on the black market, and partly because their black market sources are limited anyhow.

3. There is one food only, standard bread, whose consumption shows a rapid increase with declining economic conditions.

4. Certain foodstuffs, like white bread, rice, cereals, peanuts, legumes, spinach, oil, and hard cheese, are more favoured by the Sephardim than by the Ashkenazim of the same economic group, whereas cakes, potatoes, milk, carrots, and fish conserves (herring) are more popular with the Ashkenazim.

It is of greatest interest to investigate whether our nutritional status has improved in recent years, or whether the reverse is true. In order to answer this question, Dr. Bevly compared her data of 1951 with those obtained in previous surveys. This comparison shows:

1. A steady increase in the consumption of milk and milk products, fruits, vegetables and bread.

2. Consumption of sugar, fat, and of meat and fish together shows a fairly constant average.

3. Egg consumption was lowest in 1948 and 1950 and returned in 1951 nearly to pre-war level.

Food Habits and Social Policy

On the other hand, changes in the supply situation have led to a certain shift within some of the major food groups. We eat now more fish and less meat, more egg powder and less fresh eggs, more skim milk powder products (leben, lebenia, white cheese, standard milk), more margarine and less butter than 12 years ago.

But the most important changes happened within the different economic groups. The consumption of milk and milk products in the higher levels rose by 48 per cent, whereas that of eggs, and of meat and fish, decreased by 31 and 54 per cent respectively. In the lower strata, however, the consumption of milk and milk products and of eggs increased by 127 and 24 per cent, and that of meat and fish decreased by 38 per cent only. The well-to-do consumed in 1948 119 per cent more milk and milk products, 141 per cent more eggs, and 126 per cent more meat and fish than the lower groups. In 1951, the consumption of milk and milk products, eggs, and meat and fish by the highest group surpassed that of the lowest group by 35, 35, and 69 per cent only.

This greater degree of social justice in food distribution by levelling out the extremes in consumption at both ends of the scale is the result of the nutrition policy of the Government (controlled distribution of essential foods, price control, subsidies for some basic foods, special rations for pregnant women and children.) In the writer's opinion, this is one of the greatest achievements of our State and constitutes one of the major contributing factors to the improved health situation. A similar levelling of food consumption resulted from the war-time food policy of Great Britain, and this fact was considered as one of the main causes of the improved health situation in that country during the war.

Further analysis of the nutritive value of the food consumed showed that the average food basket supplied more or less the same amounts of nutrients as recommended by the Food and Nutrition Committee of the National Research Council in U.S.A.

Food groups	Consumption in spring 1951	Food quantity marketed spring 1951	Food quantity marketed during 1952
Milk and milk products (as milk equivalents)	483	411	502
Eggs (fresh)	33	33	23
Meat, chicken (without bones)	35	33	34
Fish (without bones)	40	33	24
Bread, flour, legumes	544	522	605
Fats and oils	53	52	49
Sugar (includ. jam and sweets)	43	49	55
Fruits	254	230	249
Vegetables and potatoes	256	230	271

Many immigrants still prefer to grind their own meal, bake their own bread. Photo by Schlesinger

Recent Developments

Since the survey has been conducted, two years have passed. Our economic situation has worsened, the real income of the working population has decreased, and many thousands of wage-earners are out of work. What are the implications of these recent developments on our nutritional situation? Since a survey of a large and representative sample of the whole population cannot be carried out at short intervals, we have to rely on Government statistics of the amounts of foods which are monthly marketed.

These monthly statistics include not only the food which goes through the usual channels to the "average" consumer but also the special rations for pregnant women, children, heavy workers and sick persons, as well as the food delivered to restaurants, hotels, hospitals, institutions, and the army. The total of this amount of food divided by the total population indicates the *per capita* figure of marketed food. It is to be noted, however, that marketing figures may tend to underestimate somewhat the real consumption, because a part of the food consumed is derived from parcels or bought on the black market. Assuming a more or less constant relation between marketing figures and real consumption, we may draw certain conclusions as to our present nutritional situation. The table summarizes the major food groups (in grams per capita per day).

More Milk Needed

This table shows a marked increase in the amounts of bread, fats, sugar, and vegetables marketed in 1952 above the figures for spring 1951, and a considerable decrease in milk, eggs, meat and fruits. These changes may partly be due to seasonal variations (increased production of milk, eggs and citrus fruits in February-March); the increase in the marketing of bread may point to an increase in waste and its use as chicken feed, whereas the highly increased amounts of vegetables during 1952 are the result of the bumper crop of the last year.

But the most important feature of the change in 1952 is the considerable decrease in the supply of milk, eggs, and meat. In terms of nutrients, our supply of calories, iron and vitamins may not have significantly changed during 1952, but our situation concerning animal protein and calcium is now worse.

It is therefore most important to increase our milk consumption to the level reached two years ago, since milk and its products are the cheapest source of animal protein. Many families of the lower income strata are not able to buy enough milk for their children. One way of increasing consumption of milk and its products (leben, white cheese) is a reduction of its price by granting Government subsidies. The money spent on lowering the milk price could be returned by increasing the price of luxuries, such as white bread which accounts for no less than 40 per cent of the total bread consumption.

Over the clouds and far away...

In a few idle hours Swissair can waft you to any part of Europe. You go in luxury with superb Swiss food, with Swiss service at your command, and a crew of cool, steady Swiss in control. Swissair takes you outside Europe too — to New York in modern D.C.6B's. Fly SWISSAIR you'll enjoy it.

EVERY TUESDAY
Lydda — Athens — Geneva/Zurich
NEW YORK/PARIS/LONDON/AUSTRIA/GERMANY, ETC.
Apply to your travel agent:

SWISSAIR

TEL AVIV
29 Rehov Ahad Ha'am—Tel. 62167—P.O.B. 2117

Now you can fly TWA
to the USA and back
for only IL. 850.-

It's TWA's Thrift Season. That means you can now enjoy the comfort and service of TWA Constellation travel at the lowest fares ever.

By TWA Thrift Season Sky Tourist Service, for instance, you can save IL.187.- on the standard return fare to Boston or IL.194.- to New York. Not only that but TWA Sky Tourist fares can save you up to 37 per cent.

to the major cities within the U.S.A. Plan your U.S. trip now!
Consult your Travel Agent or call TWA—
TEL AVIV
Cil 98, Allenby Road Tel 67441—2
JERUSALEM
King David Hotel Annex Tel. 3804.

FLY TWA
TRANS WORLD AIRLINES
USA · EUROPE · AFRICA · ASIA

4 REASONS WHY YOU'RE IN Good hands
when you fly
SABENA

Whether she's helping you aboard the plane, handing you delicious freshly-cooked meals or bringing you a magazine to look at, the Hostess makes sure that when you reach your destination you're sorry to leave the Sabena 'Hotel on Wings'.

Sabena Pilots know their job — they have to, or they wouldn't be Sabena pilots. Their knowledge and experience are your assurance safeguard whenever you fly Sabena.

Navigational methods have changed a lot, since the days of Christopher Columbus, but not to the point where the whole old craft, or the Sabena navigator knows how to make full use of them to supplement all the modern navigational aid worked by all Sabena aircraft.

There is an alert hand on the radio key tapping after you whenever you fly Sabena. Every Sabena Wireless Operator is a skilled technician and a veteran flyer—one of a grand team trained to watch your comfort and safety every minute you are aboard.

To Europe and New York via Brussels

For your reservations see your travel agent or 'phone
SABENA OFFICES IN ISRAEL:
Tel Aviv: 66301 — Haifa: 69926 — Jerusalem: 8471

DAMAT
"DAMAT" Co., LTD.
10 Rehov Akhuza, Tel Aviv. Tel. 61088, Cables: Damat Tel Aviv.
LEADING MANUFACTURERS OF
BATHTUBE MIXERS
SANITARY FITTINGS
FLUSH VALVES
FLEXIBLE TUBES
GATE VALVES
ELECTRO-PLATING
Highest quality
Reliable workmanship
Latest technical achievements
"DAMAT" FIXTURES ARE USED IN EUROPEAN COUNTRIES AND U.S.A.

OR-IS
[OR-ISRAEL]
FACTORY OF INCANDESCENT LAMPS AND OTHER KINDS OF LIGHTING APPLIANCES
HAIFA
92 Rehov Herzl
(Beth-Hatzeziah)
Tel. 6487

DOV GLEZER Ltd.
LEATHER FACTORY
PETAH TIKVAH
NEW INDUSTRIAL ZONE
TEL AVIV: 4 Rehov HAGALIL

COOPERATIVE CONSUMERS' MONTH
FEBRUARY 1953
550,000
PERSONS ARE ORGANIZED IN THE COOPERATIVE MOVEMENT
AND YOU?
JOIN NOW
BE A MEMBER OF THE "ZARCHANIA"
FOR YOU AND YOUR FAMILY'S BENEFIT
HAMASHBIR HAMERKAZI LTD.
COOPERATIVE CONSUMER'S UNION

TWO LESSONS IN EFFICIENCY

By YA'ACOV ARDON
POST Correspondent, Haifa

The N.E.P., the distribution of raw materials to manufacturers by tenders, and the shrinkage of consumers' demand have created at least one new queue: factory owners and managers are seeking the services of the country's few efficiency engineers to enlist their expert help in raising the low productivity levels in their enterprises.

Three years ago already, the Histadrut Executive called for the establishment of joint production boards in industry with equal reptesentation of management and workers. The Ministry of Labour endorsed the appeal heartily, if somewhat ineffectively. Delegations of workers went abroad to study production technique in industrially advanced countries, the press applauded, and manufacturers and Histadrut engaged in long and inconclusive talks, the former fearing encroachment on their managerial authority and the latter fearing that benefits from higher output would go into the pockets of the entrepreneurs. With a few notable exceptions, productivity in industry, remained low both in the private and the collective sectors. It took the whip of disinflation to translate pious resolutions into resolute action.

What can be achieved by a serious approach to the problem, is shown by the experience of the Hamgaper Rubber Factory in Haifa Bay. Its progressive management formed a joint production board as early as 1947, far ahead of other industries. Norms for the various manufacturing processes were established by bargaining between management and workers, based on average outputs at the time. Production in excess of these norms was rewarded with incentive premiums.

Productivity Doubled

Under the impact of the economic crisis and sharpening competition, the management last year studied the problem again and engaged an efficiency expert. Mr. Hanan Menashe, a British trained production engineer, set to work with tape measure and stopwatch, starting in the ladies' shoe division. The daily production norm there was 80 pairs of shoes per man. Actual output averaged 80 pairs, and the men received extra pay for the difference. It was known that the output in a comparable plant in U.S.A. using similar machinery was 150 pairs a day.

After several weeks of time and motion studies Mr. Menashe concluded that plant layout and working speed were satisfactory and could hardly be improved upon. But he found that the low output level was due to the fact that after every 15 minutes of work the men took off 15 minutes for rest because of the fatiguing heat needed for the processing of rubber. Out of the eight hours' work, only four were devoted to actual production.

Further investigation showed that a reduction of this "fatigue allowance" would not impair the men's health and working capacity. Mr. Menashe proposed that it be cut to 30 per cent of the total working time, taking in account any chance delays due to outside factors which kept the men idle. Thus, the norm should be raised from 80 to 107 pairs a day. "Impossible," said the workers. But the impartial, scientific approach of the expert, the spread and threat of unemployment, and plain language of the Histadrut Executive softened up their resistance. The men eventually agreed to give the new norm a fair trial.

Within a month, without any loss in quality, output climbed above the norm to 130 pairs of shoes a day—and stayed there. "We work harder than before," one of the workers explained, "the men stay at the machines even during the time allowed for rest. We are anxious for every job and want prices to come down."

When production technique is improved by new equipment or other methods, the norm will be revised upwards — there is work for an efficiency expert all the time. To encourage the workers in their efforts to boost production, Hamgaper allowed them for above-the-norm-output, as a premium, the full wage element per pair of shoes.

Wasted Walk

The next stage was the weighing department. In a spacious hall, chemicals used in the compounding and processing of raw rubber are stored in containers and weighed in lots according to recipes from the production chemists. Mr. Menashe figured out that the storekeeper, by commuting between his working table, the long line of containers and his scale, walked in the course of a year a distance equal to that from Haifa to Elath, to no purpose.

He rearranged the containers in a semi-circle around the table, with the most used chemicals nearest to the scale, and thus eliminated unnecessary movements. The norm was doubled to 38 orders a day, and the storekeeper did not make a greater physical effort than before.

The efficiency expert will deal with one department after another and end up with the administration, which the workers would like to see as streamlined as their own departments. "What use is it if we work harder and the results of our efforts go to waste in the administration?" one of the men asked. Mr. Menashe inspires confidence that his investigation there will be as searching as in the manufacturing divisions.

The vast improvement of output already achieved in the first two departments and in sight in the others, considerably alter Hamgaper's commercial horizon. The enterprise is able to maintain its prices at nearly January 1952 level, although wages and overheads have steeply risen since.

Internationally competitive prices and quality are brightening the chances of Hamgaper in overseas markets, and the company is renewing its export efforts, previously unsuccessful because of high production costs. Hamgaper provides a valuable lesson for all industrialists to see and follow suit.

Little, if any, public attention has been paid to the silent revolution now taking place in Histadrut thought and policy on the country's wage system. For many years Israel has had the distinction of being the world's only country where a working man's pay is determined not only by his skill and productive effort, but also by the number of his children and years of service.

Foreigners have often been puzzled to see in an enterprise of the labour sector a janitor, with many years of employment and a large family to his credit, draw a higher pay than a highly skilled, but unmarried executive. The concept "to each acording to his needs" was the practical expression of a profound sense of social justice, almost messianic in its aspiration and conseriously upheld by an elite of idealistic labour pioneers happily unconcerned with practical economics and industrial psychology.

The large influx of unskilled immigrants, uninspired by such high social ideas, and the widening gap in the country's foreign trade balance have produced in labour leaders a mere questioning frame of mind, and the wage system has come in for critical examination.

It is now recognised that the tendency to level down differences in pay for skilled and unskilled labour has weakened the impulse to achieve higher productivity through wage incentives. Thus an unintentional but consequential premium was put on inefficiency and indifference to vocational progress.

Alliance Tyre's Success

The first major breach of the ideological wall has been last year's agreement, in principle, between the Histadrut's Trade Union Council and the Alliance Tyre Factory at Hadera that workers should be paid according to their efficiency regardless of family status and length of service.

Conscious from the start that the prospects of their enetrprise depended on production costs and quality, Alliance executives feared low output and unsatisfactory workmanship as the two main threats to their success, and saw in norms, premiums, equal pay for equal work and rigid quality controls indispensable safeguards against these dangers.

They arrived at fair norms by the proven method of time and motion studies. To build up a scale of wages, they took over the point system of job evaluation practised in the parent plant, the Dayton (Ohio) Rubber Company, and generally accepted throughout the metal, chemical and building industries in U.S.A. Under this system each job is allocated a certain number of points, acording to an evaluation under 12 characteristics, the points being the common denominator for all. These characteristics are:

1. Education or trade knowledge required.
2. Experience needed for adequate job performance.
3. Manual skill.
4. Mental skill (judgment, resourcefulness, etc.).
5. Physical demand.
6. Mental or visual demand (concentration, etc.).
7. Responsibility for equipment or process.
8. Responsibility for material or product.
9. Responsibility for safety of others.
10. Responsibility for work of others.
11. Working conditions.
12. Hazards.

A basic hourly wage for each job was graphically fixed in accordance with an average of current industrial pay rates, by referring the basic wage to the total number of points adjudged to it. To this, the usual c.o.l. allowance is added, but nothing else. Alliance's wage scale for the various tyre building skills is probably steeper than that of any other industry, although not as steep as in U.S.A. or U.S.S.R. Thus a man is encouraged to seek advancement in two ways: by exceeding the norm and by moving into a higher points category through acquiring greater skill.

Most Alliance workers started their tyre manufacturing jobs without previous experience in rubber processing. After a medical examination and an estimate of their physical aptitudes, they are fitted into a job and expected to reach the norm within a reasonable period during which they draw full pay. If they fail, they are either transferred to more suitable work or discharged. That has happened in several cases, and the Histadrut has agreed from the outset to such disqualifications.

Several men have already reached the norms, and in one spectacular case a newcomer has surpassed the U.S. norm, earning a handsome premium. This system of objective job evaluation has obviated lengthy talks and possible friction between management and the workers' representatives.

Quality Controls

Simultaneously, Alliance has put into operation a system of stringent quality controls. Each section is treated as an individual production unit, with its own costing, testing and statistics, selling its products to other units. An exacting check is made of scrap materials as an index to performance in every section.

Lining up for work outside the Labour Exchange. Photo by Braun

A chart of scrap accruance shows a continuous drop from last October to January, and the plant is already close to U.S. standards of efficiency in this regard.

Every rubber compound is checked with the aid of elaborate apparatus in the laboratory. Perfectly good tyres are mercilessly dissected and examined. In the basement of the factory, a new tyre is mounted on an "accelerated test" wheel turning day and night at 35 m.p.h. Another wheel simulating bumpy road conditions is pressed against the tyre, giving it a 60 per cent overload stress and a bad time round the clock. Every morning, its temperature is taken, its circumference, width and air pressure are measured. This goes on until the tyre bursts. Then a post mortem is held, the findings of which are used to lengthen the life span of new tyre generations.

Consumers Satisfied

All these efforts are beginning to pay dividends. Since last October, Alliance has marketed 7,000 tyres, 70 per cent of them for heavy trucks and buses. By weight, 5/6 of this output has been devoted to large sizes, 1/6 to passenger car tyres. Drivers of bus cooperatives, transport companies and the Army are being questioned regularly on their experience, and the reports have been uniformly positive.

Alliance has not escaped the financial hazards of all Israel industries dependent on foreign raw materials and foreign exchange allocations. The supply of both has been unsteady. The company is now launching an export drive and expects to sell up to one quarter of its output overseas within the first year.

Given enlightened managerial leadership and proper incentives, Israel workers have shown that they can meet any production challenge and prove themselves equal, in quantity and quality of output, to the workers of any other country.

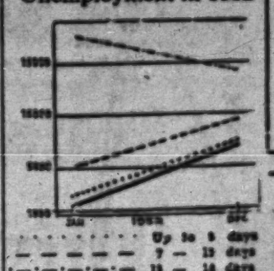
Faces Behind The Figures

By GERDA L. COHEN
POST Correspondent

The young man from Tunis —or maybe Iraq—lay on a bed gazing at the canvas roof of his hut. He was unshaven and shirtless beneath his ex-army jacket. Near the brown huddled ma'abara, scaffolding climbed a bright winter sky; empty of life, the skeleton of a hundred luxury dwellings had begun to rust. The young man lay and bit his nails because he had no money for a cigarette and was sick of playing cards with the gang, the out-of-work. The building did not grow; he felt rust eating in.

How many of the 20,000 unemployed are like this man, and why are they unemployed? He used to work two days a week mixing cement; his friends did the same, living from hand to mouth, untrained and without prospect of early improvement. When children arrived, as they regularly did, there was less for the cinema, more to be spent on bread. Deflation meant clamping-down on all non-productive activity; very good, say the economists, let us stop building, road construction, municipal improvements. Let us

Unemployment in 1952



January	December
17,670	14,797
5,242	9,709
2,678	7,850
1,691	7,581

make ends meet? They have multiplied of late, importuning inside cafes, badgering travellers penued in a taxi. And there are always those who prefer minor rackets. How much urban pilfering and robbery in field and grove is due to hungry ragamuffins, whose fathers can't afford IL.1 a month for school-dinners?

"A radical change of life" — yes, say the economists, make them productive. Something has gone wrong, then, if 1,000 factory-hands registered unemployed in December, while three times that number reported as working only part of the month. An ugly frustration welled from the Labour Exchanges, where each day the dog-eared cards are stamped "exempt from Union dues." I heard a sullen crowd, mumbling "protexia," kept out of one Labour office by a stout door; suddenly a hatch opened, and names were listed amid dead silence. A factory needed extra hands for Passover. Fists hammered on the hatch as it snapped to. A dark fellow sneered, "No wonder they won't let us see the files—they only give jobs to Ashkenazim." "Lazy black" hissed another, "I'm from Rumania with three kids and not a mil did I earn last month." "Ah, Rumanians can always get what they smuggled over here," the crowd pressed nearer, enjoying the respite from ennui, but a policeman pushed into the restless knot and burst it asunder. "You'll land up in jail," he said. "Why not—get three meals a day, wouldn't I?"

Right Destination

Factories complain of no market, whereas they used to complain of no raw material. Quite according to theory, say the economists: people in a poor country must learn to buy less clothing, eat simply, work longer to pay for cinemas and books. Even if industry runs slower, because no-one in Israel can chuck money away, the goods will be forced to their right destination—abroad, earning foreign currency. That is cold comfort to a shoe-operative, fired after his initial training, or a foundry-man whose cottage was lost along with his job. It is of less than academic importance to a poverty-stricken family that a kilo of bread costs fewer hours of work in Israel than elsewhere, if the bread-winner works no hours at all. With justice, the Government will not countenance unemployment relief; dole would be a sure way of ruining N.E.P. and allowing the bone-idle to subsist at national expense. Unfortunately, a poor man spends more than a rich one: he must frequently buy inferior food and clothing instead of saving up to buy better and longer-wearing. He cannot go into his bank and draw in his balance to tide over hard times, but must expend his income to the last farthing, without foresight or caution. The Histadrut has in these last difficult months begun to loan small amounts in cases of real hardship; a problem, to judge the extent of hardship entitling a person to borrow.

At the Labour Exchange, waving a fattered document, the father of nine children blustered and cajoled alternately: "Here, it's all written down: I was an expert of agriculture, and yet you won't find me a job." The official explained that although he had indeed taken evening classes in Morocco, it was hard to discover suitable employment in Jerusalem. "Then give me a hundred pound loan!" Impossible, when would he pay it back? "Thank God, my wife is fruitful and Ben Gurion a father to the people of Israel." The patriarch grinned, as a IL.50 cheque was written out—repayable at the next blessed event. Then came a shoe-maker from Tunis, who had applied three months ago to join a settlement with his five children, and was still waiting—no room, they told him, until spring. "Lend me a couple of pounds," pleaded the shabby little man, "tomorrow is Shabbat, and we have no food at home."

Agriculture Slack

The answer will not fit snugly into our programme. A glance at the distribution of workless might surprise confident planners: the Sharon, northern Negev, Jordan Valley, all contribute their thousands of unemployed — agricultural labourers, living in the most intensively cultivated areas of Israel. "You can go to work in a kibbutz within a few days," said the Histadrut department set up for the purpose. "Oh no," the applicant objected hastily: he knew all about those kibbutzim, where a fellow slaved for years, unable to choose his job or buy himself an ice-cream, and left without a shirt to his back. What about a *moshav*? Further complications: the young man had no possibility of buying a farm-stead at an established village, for IL.800, although he appreciated the sum was nominal. The Jewish Agency would help in May, by organizing several new villages; in the meantime... Luckily, this young man had no responsibilities; he arranged to board with relatives in a co-operative and kill with good back-break the creeping weed of idleness.

What of those families embracing widowed aunt, grandparents, horde of little ones with big appetites — the whole clan dependent on one wage-earner, and he out of work? "Only 20 grush, lady" whined the urchins in Beersheba, Ascalon, Affule, hawking their chocolate and bananas; "only ten grush" shout small boys along the highway, clutching a bunch of cyclamen in thin fingers; begging comes naturally to the old men: is there any shame in bringing home a pocket of coins, if your healthy son can't direct these unskilled dependents on the public purse into agriculture and industry. The young man cut out smoking, borrowed from his relatives who owned a thriving felafel stall, and lazed around; he would hang on until the economists changed their mind. That was six months ago, and last month he did not earn a pruta; everything conspired against remaining in town; pavement was chock-a-block with peanut vendors—no future there—and no-one could spare a loan without prospect of seeing it repaid. Economics have won; another candidate for settlement on the land filled up the questionnaire and asked "when do I go?"

"KETTER"
Palestine Oil Manufacturing Co. Ltd.
HAIFA: P.O.B. 1845 • TEL. 7179

HERE TODAY...
New York Tomorrow

Only one restful night away, flying high above the ocean and all bad weather!

That's the way to travel, in a luxurious KLM airliner, surrounded by care and attention, with food and drinks (kosher food upon request) served free.

It's comfort first and fast all the way to NEW YORK with KLM.

Enquiries and reservations from all accredited Travel Agents or KLM General Agents, Abratour Ltd., 3 Rehov Ahuzat Bait, Tel Aviv, Telephone: 3218.

KLM

HAMASHBIR HAMERKAZI

ISRAEL WHOLESALE COOPERATIVE SOCIETY LTD.

HEAD OFFICE:

TEL AVIV:—Hamashbir Bldg., Shalma Road, P.O.B.180, Tel.8011-19
Branches: HAIFA—JERUSALEM—BEERSHEBA

BRANCH OFFICES ABROAD:

U.S.A.: Israel Purchasing Ser. Inc. 17 East, 71 St., New York 21, N.Y.
EUROPE: Hamashbir Hamerkazi Ltd., Phoenix House, 19/23 Oxford St., London W.1., England

LEADING SUPPLIER TO THE COOPERATIVE MOVEMENT IN ISRAEL

Affiliated Companies

Hamashbir Latzarkhan / Hamashbir Laoleh / Mabar Ltd. / Hamashbir Zraim / Hamashbir Approved Association for Import-Export Ltd. / Layam Ltd. (In cooperation with other concerns) / Hamashbir Hamerkazi (Finance & Investments) Ltd. (Reg. Capital IL.850.000).

Industrial Enterprises

Shemen Ltd. — Haifa — Manufacture of Oil Products / Sillim Ltd. — Asur — Textile Factory / Mancor Refrigeration & Ice Co. Ltd. — Jaffa, Beersheba, Jerusalem / Hamashbir Fleur Mills Ltd. — Jaffa, Beersheba, Jerusalem / Hamashbir Paper Enterprises Ltd. — Jerusalem — Manufacture of Paper Products / Hatzamar Ltd. — Kfar Saba — Wool Spinning Mill / Fish Meal Factory — Elath.

Joint Enterprises With Affiliated Cooperatives:

Lahmenu Ltd. — Tel Aviv — Bakery, Noodle & Biscuit Factory / Hameshavek Ltd. — Manufacturing Enterprises of Labour Settlements & Cooperative Centre / Joint Packing Plant — Tel Aviv / Minal Ltd. — Givat Hashlosha — Shoe Factory.

Joint Enterprises with other Institutions and Concerns:

Israel Fuel Corp. Ltd. / Fuel Products Ltd. / Fertilisers & Chemicals Ltd. — Factory at Ir Ganim, Haifa / Nesher Portland Cement Works Ltd. — Nesher, Yagur / Hamgaper Ltd. — Haifa — Rubber Products / Hamalbira Ltd. — Petah Tikva — Industrial Products / Habayal Ltd. — Tel Aviv — Textile Factory / Pishtan Fibre Manufacturing Co. Ltd. — Beer Tuvia / Joint Pipe Imports Co. Ltd. — Sarafand / Israel Sugar Works (1961) Ltd.

Financial Institutions:

Ouhel Ltd. — Institution for Construction of Cooperative Consumers' Stores in Agricultural Settlements / Consumers' Cooperation Fund / Small Cooperative Kitchens Fund / Consumers' Stores Fund / Producers' Cooperative Stores Fund / Kibbutzim & Moshavot Industrial Fund.

REPRESENTATIVES OF LEADING MANUFACTURERS IN EUROPE AND U.S.A.

MEMBERS OF INTERNATIONAL COOPERATIVE TRADING CONCERNS

Mogen Gatwood Ltd.

MANUFACTURERS OF:

MOTOR CAR BODIES, AGRICULTURAL TRAILERS, FIRE AND BURGLARY-PROOFED SAFES, BANKVAULT DOORS AND RENTERS' SAFES, STEEL OFFICE FURNITURE, ALL KINDS OF STRUCTURAL ENGINEERING AND MECHANICAL WORKS.

Office: Tel Aviv
81 Rehov Nachlat Binyamin, Tel. 62149.

Factory: Kiryat Aria, near Petah Tikva, Tel. 336.

THIS Week's Offer

IT'S THE QUALITY THAT COUNTS

AGAIN AVAILABLE genuine English WORSTED TROUSERS limited quantity — IL. 17.400 incl. Luxury Tax

and to match them—the SPORTS SACCO fitted to the figure by our made-to-measure clothing department — IL. 28.600 incl. Luxury Tax

MEN'S SHIRTS genuine English white poplins, FIRST QUALITY — IL. 8.500 incl. Luxury Tax

OBG

THE HOUSE OF MEN'S CLOTHING and OUTFITTING

JERUSALEM: Generali Building, Rehov Jaffa.
TEL AVIV: 42 Allenby Road, 39 Rehov Nahlat Benyamin.
HAIFA: Hadar, 28 Rehov Herzl, New Business Centre, Savoy Building

FEINER & YOSSEF ADVT.

Equal in Food Value

MORE PIQUANT AND READY FOR USE

Assis TOMATO KETCHUP

EXPRESS SERVICE

TRANSPORT LIMITED

International Forwarding Agents

TEL AVIV: 4 Rehov Mikveh Israel
HAIFA: 63 Harbour Street
JERUSALEM: 1 Rehov Hahavazeleth
NATHANYA: 39 Rehov Herzl

ISRAEL'S MOST COMPREHENSIVE TRANSPORT SERVICE

AIR TRANSPORT • WAREHOUSING • OVERSEAS REMOVALS
CUSTOMS CLEARING • OVERSEAS AND INLAND TRANSPORT

Need for Electric Power Authority

By Dr. S. TRONE
Development Planning Adviser

The need of sufficient and cheap electricity for the development of Israel wants no proof. The generation and distribution of electric power in the whole country, with exception of the city of Jerusalem, is a franchise of the Palestine Electric Corporation. Relations between a public utility and the State are nowhere simple; the interests of both parties are not always the same, and even Israel is no exception.

The development of an adequate electrical system will absorb huge sums of money. At present, and in all probability also in future, it will rest with the State to carry the financial burden. Thus far, the functions of the State in relation to the P.E.C. have been in the role of a banker only. Planning, timing, cost analysis, policies in rate fixing, etc., were all one-sided activities of the P.E.C.

The cost of generating and distributing electricity in Israel are high and electrical rates are high as well. I am not in a position to analyse the cause of the high investments and of the high rates.

Cost of Investment

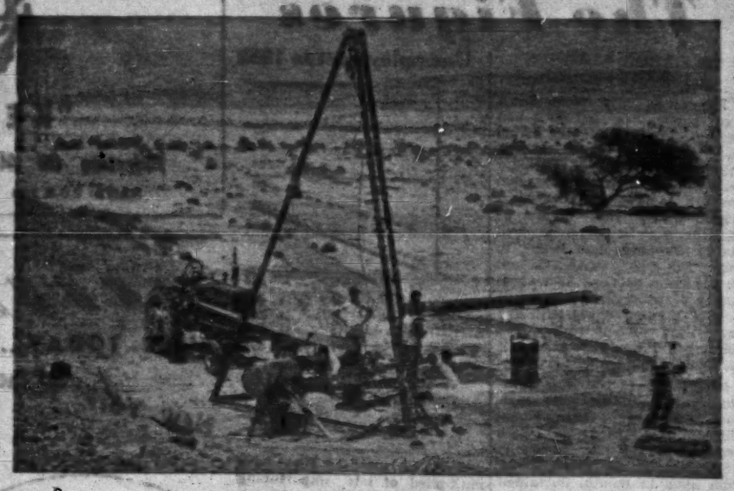
In England, for instance, the present investment in new thermal power stations, with units of 50,000 KW and larger, is about £50 Sterling per KW. In Germany, the investment for thermal power houses of the same size is about equal to that of England. In the U.S. the Federal Power Commission has made a comprehensive study for the year 1946 of investments in privately owned thermal plants which comprise about 99 per cent of all steam power generated in the country. The average investment cost of all U.S. thermal power plants in 1946 was $96 per KW. The cost per KW varied inversely with the size of the power house, as shown in the following table:—

Size of Station:	Cost per KW:
0 — 1,000 KW	$ 175.—
1,000 — 2,000 KW	" 147.—
2,000 — 5,000 KW	" 121.—
5,000 —10,000 KW	" 111.—
10,000 —25,000 KW	" 107.—
25,000 —50,000 KW	" 101.—
50,000—100,000 KW	" 94.—
100,000—200,000 KW	" 93.—

The investment in transmission in the U.S. is, on the average, about 40 per cent of the investment in power production. In areas where long transmission lines are in question, as in rural districts, the investment may be up to $55 per KW of installed capacity.

These costs should be compared with those in Israel. Despite the fact that cost of equipment, cost of material, cost of labour, cost of fuel, etc., have increased considerably in the last decades, the cost of electricity to the consumer in the U.S. is today considerably cheaper than in 1932. The following table shows the trend:—

Date:	1926	1932	1941	1947	1948	1949	1950	1951
Cost of Electricity:	100	104.7	62.3	65.0	66.3	68.0	67.0	64.5



Portable drill digging for water somewhere in the Negev. Photo by Schlesinger

The combination of science, technology, engineering and scientific management have made it possible to produce cheaper electricity.

The thermal efficiency of steam power houses has been rising rapidly: in England, for instance,

1920 :	15.54%
1947/48:	30.80%
1948/49:	31.15%

Accordingly, the coal consumption per KWH went down:

In 1920 :	2.42 lb. per KWH
" 1947/48:	1.498 "
" 1948/49:	1.478 "
" 1951 :	1.438 "

The cost of fuel is steadily rising and plays an increasingly important part in the total cost of power generation. Thus, for instance:—

In England:	In 1949:	In 1947:
Cost per kilowatt-hour:	0.33d.	0.57d. of the cost of generation
Fuel accounted for:	0.15d.	0.36d.
Or the fuel cost was:	45%	60%

Israel is only now beginning to develop a modern electrical system. Local experience in planning in development and execution, in power rate policies, etc., will have to approach the experience of efficient power utilities in America or in England. This cannot be done by occasional visits to public utilities abroad or by having occasionally foreign specialists here for a short time. Electricity will soon be generated here in billions of KWH per year. The smallest savings in the production cost will express themselves in large amounts.

Authority Project

Since electricity is the basis for industrial development, States and municipalities have created electric authorities to deal with the complex question of power generation, distribution and application. Where electric power is a franchise, the Authority is in close contact with the franchise holder, so as to protect the interests of the consumer.

I propose an electric authority should be established in Israel to deal with the whole problem of electric energy from generation to application, to be managed by an experienced power engineer with experience in electric utilities. Aside from dealing with the P.E.C., there are questions of importance waiting for authoritative decisions, notably:

(a) the possible use of peat for power generation;
(b) the possible use of bituminous limestone for the same purpose;
(c) the use of electrically driven pumps for water lifting vs. Diesel driven pumps;
(d) the inclusion of all privately owned generating

WORTHINGTON
Heavy Construction Equipment
AIR COMPRESSORS
PAVERS-MIXERS
Israel Distributors:
B. RAHMANI
13 Petah Tikva Road, Tel Aviv.
93 Jaffa Road, Haifa, Tel. 3956

ADRIATICA
אדריאתיקה
Regular fast passenger and Cargo Services between
ITALY, ISRAEL, CYPRUS, GREECE
By First-class Steamers
m/v "MESSAPIA"
m/v "FILIPPO GRIMANI"
In connection with regular
"ITALIA" and "LLOYD TRIESTINO" LINES
From Genoa, Trieste or Naples
to North, Central & South America
to India, Australia
to East, South, West Africa
For further particulars please apply to
Adriatica S.P.A.N.
HAIFA: 104 Ha'atzmaut Rd., Tel. 3630, P.O.B. 1520
TEL AVIV: 8 Rehov Hess, Tel. 67538, P.O.B. 4325
JERUSALEM: King David Hotel Annex, Tel. 4501, P.O.B. 298

Girls Blouses
RENOVA

תמיר TAMI
"TAMI" ISRAEL METAL WORKS LTD.
Sole producers in Israel & the Middle East of
SEAMLESS LIGHT ALUMINIUM PIPES FOR IRRIGATION.
ALUMINIUM PROFILES FOR WINDOWS.
ALL KINDS OF ALUMINIUM PROFILES.

SVENSKA ORIENT LINIEN - A/B ATLANTTRAFIK
GOTHENBURG
Regular Sailings
from SCANDINAVIAN AND BALTIC PORTS
to and from Israel,
and to and from SOUTH AMERICA,
BY CRACK CARGO LINERS. FULLY AND PARTLY REFRIGERATED FOR THE CONVEYANCE OF FROZEN COMMODITIES.
Over 40 Years' Experience in Mediterranean Service.
Our Trade Development Dept. is always at your Disposal
For all requirements please apply to our AGENTS IN ISRAEL
ISRAEL SCANDINAVIAN MARITIME AGENCY LIMITED,
HAIFA: Head Office, Khayat Square, P.O.B. 1557, Tel. 6507, 4715.
TEL AVIV: 94 Allenby Road, P.O.B. 4181, Tel. 3878.

NORTRAC
THE NORWEGIAN TRADE COMPANY
NORTRAC-ISRAEL LIMITED
JERUSALEM
Specialised Agency for Trade between Israel and Norway

CUSTOMS CLEARING
WAREHOUSING
SUPERVISION
TRANSPORT
INSURANCE
EILAT אילת
CUSTOMS BROKERS AND FORWARDERS
62 Rehov Herzl, Tel Aviv
CABLES: HERISDROM
Telephone: 62961, P.O.B. 2641
LICENSED FOR ALL STATIONS IN ISRAEL.

THE TRADERS & SHIPPERS LTD.
סחר ושפנות בע"מ
HAIFA: 43 Kingsway
Cables: "SHIPPERS"
TEL AVIV: 1 Hovev Hatbumim
Direct cargo lines from
FAR EAST, RED SEA and AFRICAN PORTS
VIA CAPE OF GOOD HOPE TO ISRAEL
SHIP OPERATORS
WE PROVIDE WORLDWIDE COMPETITIVE SERVICE BY FAST MODERN VESSELS

Palsport Ltd.
MANUFACTURERS & EXPORTERS OF LADIES' COATS & COSTUMES
SOLE MANUFACTURERS & DISTRIBUTORS OF
PATENTED "ROFIX" CLOTHING
RAINWEAR FOR LADIES AND GENTLEMEN
JERUSALEM: 1 Princess Mary Ave. Tel. 2285 — Cables: Palsport Jerusalem, Israel
HAIFA, 28 Rehov Herzl, Tel. 4720 — Cables: Palsport HAIFA, Israel

THE STORY AND THE MORAL

By Dr. E. MAYER-BENTOV
POST Economic Editor

In this age of Technocracy and the Economic Man — an offspring of Edmund Burke's "age of sophisters and calculators" — it was the outcome of a natural process that the politician, the civil servant and the general should now find themselves in the company of new rulers of men: the manager, the trade union secretary, the technician, and the economic planner. An immense output of literature on their respective opinions and controversies was the inevitable by-product of this evolution, and one feels tempted, at times, to ask oneself whether the classic definition of inflation as of too much money chasing too few goods does not also apply here, in the sense that too many words are chasing too few ideas.

This being so, one can only be grateful if out of the writers' effort emerges a clearer picture of a given problem or situation, enabling the reader to make up his own mind. In this respect, the articles published in this issue, however controversial some of the views expressed in them may be, are a notable contribution towards a better understanding of some of the country's economic problems. They do not, of course, tell the whole story, and the very fact that only a few selected issues could be discussed, illustrates existing difficulties, one of which is the shortage of newsprint.

Ministers on Policy

Two Ministers in key positions lead the list of contributors: Mr. Levi Eshkol, the Treasurer of the State, tells us of the budgetary difficulties caused by N.E.P., through rising prices, wages and salaries, and the need for retrenchment. His remarks on the Currency Equalisation Fund and the relation between monetary policy and rising prices call for special attention. Dr. P. Bernstein, Minister of Commerce and Industry, brings to his new task the experience of a long preoccupation with the economic problems of the country, and his brief summary of the situation and of the tasks ahead gives a clear idea of the policy he advocates.

No one could have been more qualified to recall the history of the New Economic Policy than Mr. David Horowitz who, as the right hand of the late Eliezer Kaplan, was largely responsible for initiating the measures which became necessary when inflation threatened to assume "runaway" dimensions. Whatever merits or demerits the N.E.P. may have had, it has at least, as Mr. Horowitz rightly points out, disclosed a situation which made immediate and resolute action imperative.

The partial devaluation of the currency was an essential part of N.E.P., and the question whether another devaluation can be recommended, is bound to crop up from time to time, here not less than in other countries. It is useful, therefore, to have a clear exposition, in non-technical language, of the advantages and disadvantages of devaluation in general, written by Mr. Kent L. Cohen, an English economist who lives now in Israel. An "aside," at the end of his article, about investments in the tourist industry will, no doubt, cause some discussion as a deviation from current trends.

Fiscal policy and its impact on taxation, or more precisely, the function of various forms of taxation within the national economy, is one of those hotly contested issues where political and economic thought are interdependent. In his article, Dr. A. Bergmann, Director of Inland Revenue, gives a comprehensive survey of the position, supported by the latest available figures; they show the actual share of direct and indirect taxes in the Budget of the State and will clarify both underlying principles and their application in practice. The same may be said of the painstaking analysis by Mr. A. Nahshon, Histadrut statistician, of the share of wages in the national income, and the development of the relation between nominal and real wages.

Electricity and Development

A concise summary from a report by Dr. Ing. S. Trone, American specialist on electric power, who is advising the Government on development planning, deals with electricity as a paramount factor in the development of the country. In view of the author's exceptional experience in many countries, including the Far East, Soviet Russia, and India, his proposal to establish a central Authority commands closest study.

Other contributions include articles by two experts, Dr. M. Liwni and Dr. K. Guggenheim, on export organization and nutrition respectively. Reports by staff members on the achievements and failures of N.E.P., on efficiency experiments in factories, on the reaction of business people to the present buyers market, and the human aspect of unemployment round out the picture.

All these articles have two things in common: they teach certain lessons and they stimulate the reader's interest. In a more condensed form, some of the lessons are presented in a few graphs, specially prepared for this issue.

The sharp drop in immigration figures is striking, though its causes are not connected with N.E.P. We know that already last October applications for visas to Israel numbered no less than 179,000 in Rumania, Hungary, Poland and Czechoslovakia alone. However much this recession may relieve, for the time being, the financial pressure involved in immigrants' absorption, the people of Israel are unanimous in their resolve to keep the gates of the country wide open for all who wish to return.

Another graph, showing the movement of banknotes in circulation, illustrates the main achievement of N.E.P. Inflation, if not eliminated altogether, has been curbed. The effects of the steps taken by the Government became not apparent immediately, but they made themselves felt more clearly in recent months, and the new "buyers market" is but one symptom. It is not without interest to note that, at the same time, bank deposits remained almost unchanged, from IL.133m. demand deposits and IL.17.2m. time deposits in January to IL.133.8m. and 17.6m. respectively, in November.

A glance at the columns in the graph representing import and export figures reveals at once how abnormal and indeed disturbing the foreign trade position has become. The price we had to pay for a completely unrealistic monetary policy was high indeed; but here, too, more recent developments and others still under consideration may pave the way to improvement. Exchange rates alone, however, will be of little avail if they are not accompanied by up-to-date organization, adequate market research, and a carefully planned system of export subsidies.

It seems strange, in this connection, that it should not have been possible to secure an adequate share in the international diamond trade, which is, to a large extent, in Jewish hands. It may be sufficient to mention that total sales of gems and industrial diamonds have risen from £17m. in 1944 to no less than £69.8m. last year.

Unemployment Figures

Another distressing feature of the times is the rising unemployment which was to be expected but was apparently not foreseen. Full employment should be a corollary of full production, and artificially created employment, which does not produce essential values is bound to have disastrous re- [illegible] for public finance. On the face of it, the present figure not much more than three per cent of the total gainfully employed population. But whatever has been argued in favour of marginal unemployment, the story behind every single case is beyond statistical evaluation; it requires not only emergency relief but foresight within the framework of a social security system.

This brings us to the most vital task confronting the new Government, the expansion of production and increased productivity. While the latter, as convincingly demonstrated in a report in this issue, is a matter of individual skill and effort, production requires planned organi[illegible]. Even [illegible] agree with Dr. Bernstein when he says in his article that "without reasonably cheap water [illegible] transport we cannot hope to produce in sufficient quantity and at competitive prices." The same argument, in almost the same words, has been repeatedly put forward by Dr. P. Trone.

Irrigation Factor

Here then is yet another lesson. Without electricity we cannot have irrigation, and without irrigation we cannot expand intensive agriculture. It is significant that, between 1947 and 1952, our cultivated area has increased from 600,000 to three million dunams, but only 400,000 dunams are irrigated. The [illegible] is that, while five times larger areas under cultivation, our food production for human consumption is only 2.3 times higher. Yet, food imports are a decisive factor in our adverse trade balance.

The conclusion that electricity in all its aspects must become one of the focal points in the second year of our New Economic Policy, all the more so because it has a direct bearing on the German reparations payments.

A few only of the many questions provoked by the articles in this issue could be dealt with here, but it can safely be said in conclusion that the reader's general gratifying impression is one of cautious optimism, in the hope that the new partnership in Government will mark a turning point in the economic history of the country.

OSEM
Noodles
Macaroni
"Ptitim"
56 Varieties

KAL-GUM Shoes

last longer
HAMGAPER

HOLLANDER & C LIMITED
Cable Address: HOLLISCO
TEL AVIV: 4 Rothschild Blvd. Tel. 62211
JERUSALEM: Feuchtwanger Bldg. Tel. 2074
INTERNATIONAL TRADE
CONVERTERS AND EXPORTERS
Affiliated Companies:
Stockholm • London • New York • Buenos Aires
Zurich • Copenhagen • Montreal • Montevideo
Amsterdam • Paris • Wellington • Cape Town

PHOENICIA
Biggest Glass Works and sole Sheet Glass Factory in the Middle East
• SHEET GLASS
• BOTTLES—JARS
• TUMBLERS
• HOUSEHOLD WARE
• ALKALI-FREE AMPOULES
• GLASS SILK
Affiliations:
THE ISRAEL SAFETY GLASS CO. LTD.
• LAMINATED SAFETY GLASS
"PHOENIKIA" INSTRUMENTS L.T.D.
• LABORATORY INSTRUMENTS
• NEON SIGNS
PHOENICIA
PALESTINE GLASS WORKS LTD
P.O.B. 169, Haifa Tel. 7289, 7239, 7383.